
State:	District of Columbia	Filing Company:	Insurance Company of the West
TOI/Sub-TOI:	09.0 Inland Marine/09.0002 Difference in Conditions (DIC)		
Product Name:	Inland Marine - Differences in Conditions		
Project Name/Number:	New / Revised Form Filing/		

Filing at a Glance

Company:	Insurance Company of the West
Product Name:	Inland Marine - Differences in Conditions
State:	District of Columbia
TOI:	09.0 Inland Marine
Sub-TOI:	09.0002 Difference in Conditions (DIC)
Filing Type:	Form
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Author(s):	Tammy Steinell, Dorothy Joslin
Reviewer(s):	
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Effective Date (New):	
Effective Date (Renewal):	

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General Information

Project Name: New / Revised Form Filing

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 09/04/2015

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Created By: Tammy Steinell

Corresponding Filing Tracking Number:

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Tammy Steinell

Filing Description:

The purpose of this filing is to submit for your review new and revised forms for Insurance Company of the West for our Inland Marine - Difference in Conditions (DIC) line of business in the District of Columbia.

Please reference the Form Description attached under the Supporting Documentation tab for a complete description of the new forms and endorsements as well as the changes being made to the revised forms and endorsements.

Company and Contact

Filing Contact Information

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Filing Company Information

Insurance Company of the West

11455 El Camino Real

San Diego, CA 92130

(858) 350-2583 ext. [Phone]

CoCode: 27847

Group Code: 922

Group Name: ICW Group

FEIN Number: 95-2769232

State of Domicile: California

Company Type:

Property/Casualty

State ID Number:

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State: District of Columbia

TOI/Sub-TOI: 09.0 Inland Marine/09.0002 Difference in Conditions (DIC)

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Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
1		Additional Coverage - Accounts Receivable	UND 1201	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1201 (08-15).pdf
							Replaced Form Number:	UND 1201 (06-09)		
2		Losses Adjusted at Actual Cash Value, Not Replacement Cost Basis	UND 1202	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1202 (08-15).pdf
							Replaced Form Number:	UND 1202 (06-09)		
3		Additional Coverage - Back Up of Sewers	UND 1204	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1204 (08-15).pdf
							Replaced Form Number:	UND 1204 (06-09)		
4		Limited Coverage - Flood	UND 1205	08-15	END	New				UND 1205 (08-15).pdf
5		Additional Coverage - Business Income (And Extra Expense)	UND 1206	08-15	END	Replaced	Previous Filing Number:	ICWG-129426404		UND 1206 (08-15).pdf
							Replaced Form Number:	UND 1206 (01-14)		
6		Additional Coverage - business Income (Without Extra Expense)	UND 1207	08-15	END	Replaced	Previous Filing Number:	ICWG-129426404		UND 1207 (08-15).pdf
							Replaced Form Number:	UND 1207 (01-14)		
7		Additional Coverage Business Income From Dependent Properties	UND 1208	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1208 (08-15).pdf
							Replaced Form Number:	UND 1208 (06-09)		
8		Additional Coverage - Certified Green Building Extension	UND 1209	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1209 (08-15).pdf
							Replaced Form Number:	UND 1209 (06-09)		
9		Difference in Conditions Coverage Form	UND 1211	08-15	PCF	Replaced	Previous Filing Number:	ICWG-126509236		UND 1211 (08-15).pdf
							Replaced Form Number:	UND 1211 (01-10)		
10		Additional Coverage - Earthquake Sprinkler Leakage	UND 1213	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1213 (08-15).pdf
							Replaced Form Number:	UND 1213 (06-09)		

State: District of Columbia

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
11		Additional Coverage - Earthquake Sprinkler Leakage Sublimit	UND 1214	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1214 (08-15).pdf
							Replaced Form Number:	UND 1214 (06-09)		
12		Additional Coverage - Electronic Data Processing Equipment	UND 1215	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1215 (08-15).pdf
							Replaced Form Number:	UND 1215 (06-09)		
13		Additional Coverage - Extra Expense	UND 1216	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1216 (08-15).pdf
							Replaced Form Number:	UND 1216 (06-09)		
14		Homeowners Association Coverage Extension	UND 1217	08-15	END	Replaced	Previous Filing Number:	ICWG-126509236		
							Replaced Form Number:	UND 1217 (01-10)		
15		Additional Coverage	UND 1218	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1218 (08-15).pdf
							Replaced Form Number:	UND 1218 (06-09)		
16		Limit of Insurance Enhancement (Margin Clause)	UND 1220	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1220 (08-15).pdf
							Replaced Form Number:	UND 1220 (06-09)		
17		Specified Flood Zone Exclusion	UND 1222	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1222 (08-15).pdf
							Replaced Form Number:	UND 1222 (06-09)		
18		Loss Payable Provisions	UND 1223	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1223 (08-15).pdf
							Replaced Form Number:	UND 1223 (06-09)		
19		Additional Coverage - Homeowners Association Fees Receivables	UND 1224	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1224 (08-15).pdf
							Replaced Form Number:	UND 1224 (06-09)		
20		Manufacturer's Selling Price (Finished "Stock" Only)	UND 1225	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1225 (08-15).pdf
							Replaced Form Number:	UND 1225 (06-09)		

SERFF Tracking #:

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State Tracking #:

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State: District of Columbia

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
21		Limited Coverage - Newly Acquired Property	UND 1226	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1226 (08-15).pdf
							Replaced Form Number:	UND 1226 (06-09)		
22		Additional Coverage - Ordinance or Law	UND 1227	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1227 (08-15).pdf
							Replaced Form Number:	UND 1227 (06-09)		
23		Per Buidling Deductible	UND 1228	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1228 (08-15).pdf
							Replaced Form Number:	UND 1228 (06-09)		
24		Self-Insured Retention	UND 1230	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1230 (08-15).pdf
							Replaced Form Number:	UND 1230 (06-09)		
25		Additional Coverage - Spoilage	UND 1232	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1232 (08-15).pdf
							Replaced Form Number:	UND 1232 (06-09)		
26		Statement of Values Clause	UND 1233	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1233 (08-15).pdf
							Replaced Form Number:	UND 1233 (06-09)		
27		Additional Coverage - Utility Services - On Site Direct Damage	UND 1235	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1235 (08-15).pdf
							Replaced Form Number:	UND 1235 (06-09)		
28		Additional Coverage - Utility Services - Time Element	UND 1236	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1236 (08-15).pdf
							Replaced Form Number:	UND 1236 (06-09)		
29		Additional Coverage - Valuable Papers and Records	UND 1237	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1237 (08-15).pdf
							Replaced Form Number:	UND 1237 (06-09)		
30		Ordinance or Law - Increased Period of Restoration	UND 1238	08-15	END	Replaced	Previous Filing Number:	ICWG-126509236		UND 1238 (08-15).pdf
							Replaced Form Number:	UND 1328 (01-10)		

State: District of Columbia

TOI/Sub-TOI: 09.0 Inland Marine/09.0002 Difference in Conditions (DIC)

Product Name: Inland Marine - Differences in Conditions

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
31		Ordinary Payroll Limitation or Exclusion	UND 1240	08-15	END	Replaced	Previous Filing Number:	ICWG-126509236		UND 1240 (08-15).pdf
							Replaced Form Number:	UND 1240 (01-10)		
32		Specified Flood Zone Exclusion - Flood Excluded At Locations	UND 1242	08-15	END	New				UND 1242 (08-15).pdf
33		Specified Flood Zone Exclusion - Amended	UND 1262	08-15	END	New				UND 1262 (08-15).pdf
34		Amended Notice of Cancellation	UND 1401	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1401 (08-15).pdf
							Replaced Form Number:	UND 1401 (06-09)		
35		Excess Limit of Insurance and Participation Clause	UND 1410	08-15	END	Replaced	Previous Filing Number:	ICWG-126509236		UND 1410 (08-15).pdf
							Replaced Form Number:	UND 1410B (01-10)		
36		Exhaustion of Underlying Aggregate Limits - Schedule Locations and Named Causes of Loss Only	UND 1412	08-15	END	Replaced	Previous Filing Number:	ICWG-129590798		UND 1412 (08-15).pdf
							Replaced Form Number:	UND 1412 (05-14)		
37		Exhaustion of Underlying Aggregate Limits	UND 1413	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1413 (08-15).pdf
							Replaced Form Number:	UND 1413 (06-09)		
38		Excess Property Insurance	UND 1414	08-15	PCF	Replaced	Previous Filing Number:	ICWG-129730739		UND 1414 (08-15).pdf
							Replaced Form Number:	UND 1414 (10-14)		
39		Exclusion - Named Causes of Loss	UND 1418	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1418 (08-15).pdf
							Replaced Form Number:	UND 1418 (06-09)		
40		Ordinance or Law Exclusion - Exhaustion of Underlying Policy Aggregates	UND 1419	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1419 (08-15).pdf
							Replaced Form Number:	UND 1419 (06-09)		

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
41		Ordinance or Law Exclusion	UND 1420	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1420 (08-15).pdf
							Replaced Form Number:	UND 1420 (06-09)		
42		Total Flood Exclusion	UND 1425	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1425 (08-15).pdf
							Replaced Form Number:	UND 1425 (06-09)		
43		Underlying Deductible Warranty	UND 1432	08-15	END	Replaced	Previous Filing Number:	ICWG-126375211		UND 1432 (08-15).pdf
							Replaced Form Number:	UND 1432 (09-10)		

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - ACCOUNTS RECEIVABLE

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

1. Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay:
 - a. All amounts due from your customers that you are unable to collect;
 - b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - c. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
 - d. Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from accidental direct physical loss to your records of accounts receivable, at locations described in the Declarations, that is caused by a Covered Cause of Loss first commencing during the Policy Period.
2. **Property Not Covered**

Coverage does not apply to:

 - a. Records of accounts receivable in storage away from the locations described in the Declarations; or
 - b. Records of accounts receivable relative to contraband, or property in the course of illegal transportation or trade.

B. EXCLUSIONS

1. The following exclusions apply in addition to those indicated in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. We will not pay for loss or damage caused by or resulting from:
 - a. Alteration, falsification, concealment or destruction of records of accounts receivable which in any manner relate to or involve the wrongful giving, taking or withholding of money, securities or other property;
 - b. Bookkeeping, accounting or billing errors or omissions;
 - c. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (1) Programming errors or faulty machine instructions;
 - (2) Faulty installation or maintenance of data processing equipment or component parts;
 - (3) An occurrence that took place more than 100 feet from your location; or
 - (4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 100 feet from your location.
 - d. Unauthorized instructions to transfer property to any person or to any place;
 - e. Unauthorized access to a computer system, the addition of a virus, destructive code or similar instruction that disrupts the normal operation of computer equipment or results in the loss of use or physical damage to computer equipment or computer media or data.

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2. We will not pay for cost or expense incurred by you or others for an audit of records and/or for any inventory computation in order to establish the existence or extent of any loss under this endorsement.

C. LIMIT OF INSURANCE

The most we will pay for loss in any one "loss occurrence" is the stated value for Accounts Receivable as shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values. If there are no stated values shown for Accounts Receivable, the most we will pay for loss in any one "loss occurrence" for coverage provided by this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance as shown in the Declarations.

D. ADDITIONAL CONDITIONS

1. Determination of Receivables

With respect only to the coverage added by this endorsement, paragraph **G. 14. Valuation** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** is replaced by the following:

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- b. The following is to be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss;
 - (2) The amount of the accounts that you are able to re-establish or collect;
 - (3) The percentage of uncollectible receivables, which will be proportionate to receivables you were unable to collect during the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (4) All unearned interest and service charges.

2. Express Assignment

You agree that you will execute an express written assignment to us before any payment for benefits under this coverage are paid to you. The assignment will give us all of your rights to recover the accounts receivable which we have agreed to pay to you under this coverage, from any person or entity who is obligated to pay you for them (the debtor). The assignment will include all of your rights to recover the covered receivables and any interest and attorneys fees you would have been entitled to recover from the debtor. You agree to cooperate fully with us in our attempt to recover on any assignment. In the event you fail to fully cooperate with us in our attempt to recover on any assignment, you agree to return all benefits paid by us to you under this coverage.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSSES ADJUSTED AT ACTUAL CASH VALUE, NOT REPLACEMENT COST BASIS

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

Location Number	Location Address

A. LOSS CONDITIONS

For the locations scheduled above, the following replaces section **G.14., Valuation LOSS CONDITION.**

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, and **d.** below.
- b. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- c. Glass at the cost of replacement with safety-glazing material if required by law.
- d. Tenant's Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (1) above by the number of days from the installation of improvements to the expiration of the lease.If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.
- e. In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - (1) The Limit of Insurance applicable to that building or structure, as described in Section **A.2. LIMITS OF INSURANCE** in the Declarations; or
 - (2) The fair market value of the building or structure.
- f. In the event of a partial loss to a building or structure, unless required differently by applicable state law, actual cash value is calculated as the lesser of the following:

- (1) The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
 - (2) The Limit of Insurance applicable to the property, as described in Section **A.2. LIMITS OF INSURANCE** in the Declarations.
- g. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
 - (1) The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, unless defined differently by applicable state law, based on the condition of the property at the time of loss; or
 - (2) The Limit of Insurance applicable to the property, as described in Section **A.2. LIMITS OF INSURANCE** in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - BACK UP OF SEWERS

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to Covered Property, at the locations described in the Declarations, caused by or resulting from water which backs up or overflows from a sewer or drain, but only when such back up is caused directly by "earthquake" or "flood", when insured against under this policy. The "earthquake" or "flood" must first commence during the Policy Period.

B. LIMITS OF INSURANCE AND DEDUCTIBLES

The most we will pay for loss or damage in any one "loss occurrence" under this endorsement is the Back up of Sewers Limit of Insurance shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations. If no limit is shown, then the back up caused by "earthquake", is included within the "earthquake" Limit of Insurance shown in the Declarations and the back up caused by "flood" is included within the "flood" Limit of Insurance shown in the Declarations. Payments made for coverage provided by this endorsement are within the limits of insurance and will not serve to increase our Limits of Insurance stated in the Declarations.

Back up caused by "earthquake" is subject to the "earthquake" deductible shown in Section **D. DEDUCTIBLES** in the Declarations.

Back up caused by "flood" is subject to the "flood" deductible shown in Section **D. DEDUCTIBLES** in the Declarations.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED COVERAGE - FLOOD

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to Covered Property at the locations described in the Declarations, first commencing during the Policy Period, caused by or resulting from "flood" arising from any of the following:

1. The overflow or breaking of natural or artificial boundaries or confines of inland waters;
2. The unusual and rapid accumulation or runoff of inland surface waters from any source or by their spray;
3. Waters changing course;
4. Waves, wave wash, wave action, storm surge, or their spray, all whether driven by wind or not, except when caused by or part of a tsunami, tidal wave, hurricane or tropical storm;
5. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure of any of the foregoing, except when caused by or part of a tsunami or tidal wave.

B. DEDUCTIBLE CLAUSE

Coverage provided under this endorsement will be subject to the "Flood" deductible shown in the Declarations and as described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**.

C. CAUSES OF LOSS EXCLUDED

The following exclusions apply in addition to those described in Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. We will not pay for loss or damage caused by "flood", arising from any of the following:

1. Tsunami or tidal wave;
2. Underground waters rising;
3. Hurricane or tropical storm;
4. Any other cause of "flood" not listed under Section **A., COVERAGE** above.

D. LIMITS OF INSURANCE

The most we will pay for loss or damage is the "Flood" Limit of Insurance shown in the Declarations.

E. LOSS CONDITIONS

1. **Single Loss Clause** - All loss or damage attributable to "flood" that occurs within any period of 72 consecutive hours during the Policy Period, arising out of one event, will be considered a single "loss occurrence". We will not be liable for any loss caused by any "flood" occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.

F. DEFINITIONS

1. "Flood" means a general and temporary condition of partial or complete inundation of 2 or more acres of normally dry land areas or of 2 or more distinct parcels of land (at least one of one of which is your property) with water.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE)

This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

A. COVERAGE

1. Business Income

a. Business Income means the:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (2) Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

b. Coverage is provided as described and limited below for one or more of the following options when shown in the Declarations:

- (1) Business Income.
- (2) "Rental value".

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration", less applicable deductible. The "suspension" must be caused by accidental direct physical loss of or damage to tangible property at the locations which are described in the Declarations and for which a stated value for Business Income or "rental value" is shown in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain

information on values. The loss or damage must be caused by or result from a Covered Cause of Loss first commencing during the Policy Period. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described locations include the area within 100 feet of the site at which the described locations are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described locations are located, your location means:

- a. The portion of the building which you rent, lease or occupy; and
- b. Any area within the building or on the site at which the described locations are located, if that area services, or is used to gain access to, the described locations.

2. Extra Expense

- a. Extra Expense coverage is provided at the locations described in the Declarations only if a stated value for Business Income, "rental value", or Extra Expense is shown in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations (or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values) for that location.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to tangible property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue "operations" at the described locations or at replacement locations or temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary location; or
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.

3. Exclusions

The following exclusions apply in addition to those described in Section **C. PROPERTY EXCLUDED** and Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

a. Interruption of Computer Operations

- (1) Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".
- (2) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".

4. Limitations

If shown as applicable in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations, the following Coverage Limitation applies:

a. Monthly Limit Of Indemnity

- (1) For any single location sustaining covered Business Income loss, the most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (a) The stated value for Business Income or "rental value" for the building or location as shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values, of the Declarations, multiplied by
 - (b) The fraction shown in the Declarations for this Coverage Limitation,
 - (c) Less applicable deductibles.

EXAMPLE

When:	The stated value for Business Income as shown in the Declarations is:	\$ 120,000
	The fraction shown in the Declarations for this Coverage Limitation is:	1/4
	The deductible is 5% of the stated value for Business Income:	\$ 6,000
	(\$120,000 X 5% = \$6,000)	
	The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
	(\$120,000 x 1/4 = \$30,000)	
	If, in this example, the actual amount of loss is:	
	Days 1–30:	\$ 40,000
	Days 31–60:	\$ 20,000
	Days 61–90:	\$ 30,000
		<hr/>
		\$ 90,000
	We will pay:	
	Days 1–30:	\$ 30,000
	Days 31–60:	\$ 20,000
	Days 61–90:	\$ 30,000
		<hr/>

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	\$ 80,000
Less the deductible	- \$ 6,000
Total:	\$ 74,000
The remaining \$16,000 is not covered.	

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described locations are locations to which a stated value for Business Income or “rental value” is shown in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values.

When a Covered Cause of Loss causes damage to property other than property at the described locations, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described locations, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described location is within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income and Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described location and will apply for a period of up to four consecutive weeks after the date of that action.

b. Extended Business Income

(1) Business Income

If the necessary “suspension” of your “operations” produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except “finished stock”) is actually repaired, rebuilt or replaced and “operations” are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your “operations”, with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described location is located.

Loss of Business Income must be caused by accidental direct physical loss or damage to tangible property at the described locations caused by or resulting from any Covered Cause of Loss.

(2) “Rental value”

If the necessary “suspension” of your “operations” produces a “rental value” loss payable under this policy, we will pay for the actual loss of “rental value” you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:

- (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "rental value" that would have existed if no direct physical loss or damage had occurred; or
- (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "rental value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described locations is located.

Loss of "rental value" must be caused by accidental direct physical loss or damage to tangible property at the described locations caused by or resulting from any Covered Cause of Loss.

B. LIMITS OF INSURANCE

The most we will pay for loss under all coverages provided under this endorsement in any one "loss occurrence" are the amounts described in Section **A. 2. LIMITS OF INSURANCE** in the Declarations.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEDUCTIBLE

The deductible applies per Section **D. DEDUCTIBLES** of the Declarations, and as more fully described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

D. LOSS CONDITIONS

The following conditions apply in addition to those listed in Section **G. LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

1. Loss Determination

- a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to changes in business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers;
 - (c) Deeds, liens or contracts; and
 - (d) Any other records or information that informs upon your business income.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is covered by other insurance; and
 - (2) Necessary expenses to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described location or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

E. OPTIONAL COVERAGE

If shown as applicable in the Declarations, the following Optional Coverage applies.

1. Extended Period Of Indemnity

Under Paragraph A.5.b., **Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. DEFINITIONS

1. "Electronic data" means information, records, files, facts and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

2. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale at the location of any retail outlet insured under this Policy.

3. "Operations" means:

- a. Your business activities occurring at the described locations; and
- b. The tenantability of the described locations, if coverage for "rental value" applies.

4. "Period of restoration" means the period of time that:

a. Begins:

(1) Immediately after the time of direct physical loss or damage, caused by or resulting from any Covered Cause of Loss at the described locations; and

b. Ends on the earlier of:

(1) The date when the property at the described locations should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include the time required to reproduce "finished stock".

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Rental value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the locations described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described locations which is occupied by you; and

- b. Continuing normal operating expenses incurred in connection with that location, including:

- (1) Payroll; and

- (2) The amount of charges, which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described locations is rendered untenable, if coverage for "rental value" applies.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - BUSINESS INCOME (WITHOUT EXTRA EXPENSE)

This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

A. COVERAGE

1. Business Income

a. Business Income means the:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (2) Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

b. Coverage is provided as described and limited below for one or more of the following options when shown in the Declarations:

- (1) Business Income.
- (2) "Rental value".

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration", less applicable deductible. The "suspension" must be caused by accidental direct physical loss of or damage to tangible property at the locations which are described in the Declarations and for which a stated value for Business Income or "rental value" is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain

information on values. The loss or damage must be caused by or result from a Covered Cause of Loss first commencing during the Policy Period. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described locations include the area within 100 feet of the site at which the described locations are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described locations are located, your location means:

- a. The portion of the building which you rent, lease or occupy; and
- b. Any area within the building or on the site at which the described locations are located, if that area services, or is used to gain access to, the described locations.

2. Exclusions

The following exclusions apply in addition to those described in Section **C. PROPERTY EXCLUDED** and Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

a. Interruption of Computer Operations

- (1) Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".

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- (2) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".

3. Limitations

If shown as applicable in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations, the following Coverage Limitation applies.

a. Monthly Limit Of Indemnity

- (1) For any single location sustaining covered Business Income loss, the most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
- (a) The stated value for Business Income or "rental value" for the building or location as shown in in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values, of the Declarations, multiplied by
- (b) The fraction shown in the Declarations for this Coverage Limitation.
- (c) Less applicable deductibles.

EXAMPLE

When: The stated value for Business Income as shown in the Declarations is: \$ 120,000

The fraction shown in the Declarations for this Coverage Limitation is: 1/4

The deductible is 5% of the stated value for Business Income: \$ 6,000
 (\$120,000 X 5% = \$6,000)

The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000
 (\$120,000 x 1/4 = \$30,000)

If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<hr/>
	\$ 90,000

We will pay:

Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<hr/>
	\$ 80,000

Less the deductible	- \$ 6,000
Total:	\$ 74,000

The remaining \$16,000 is not covered.

4. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described locations are locations to which a stated value for Business Income or "rental value" is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values.

When a Covered Cause of Loss causes damage to property other than property at the described locations, we will pay for the actual loss of Business Income you sustain and caused by action of civil authority that prohibits access to the described locations, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described locations is within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss

that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin immediately after the time of the first action of civil authority that prohibits access to the described location and will apply for a period of up to four consecutive weeks after the date of that action.

b. Extended Business Income

(1) Business Income

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a)** Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b)** Ends on the earlier of:
 - (i)** The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii)** 30 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described location is located.

Loss of Business Income must be caused by accidental direct physical loss or damage to tangible property at the described locations caused by or resulting from any Covered Cause of Loss.

(2) "Rental value"

If the necessary "suspension" of your "operations" produces a "rental value" loss payable under this policy, we will pay for the actual loss of "rental value" you incur during the period that:

- (a)** Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b)** Ends on the earlier of:
 - (i)** The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "rental value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii)** 30 consecutive days after the date determined in **(2)(a)** above.

However, Extended Business Income does not apply to loss of "rental value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described locations is located.

Loss of "rental value" must be caused by accidental direct physical loss or damage to tangible property at the described locations caused by or resulting from any Covered Cause of Loss.

c. Expenses to Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this endorsement if the Expenses to Reduce Loss had not been incurred. This coverage does not increase our Limits of Insurance.

B. LIMITS OF INSURANCE

The most we will pay for loss under all coverages provided under this endorsement in any one "loss occurrence" are the amounts described in Section **A. 2. LIMITS OF INSURANCE** in the Declarations.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEDUCTIBLE

The deductible applies per Section **D. DEDUCTIBLES** of the Declarations, and as more fully described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

D. LOSS CONDITIONS

The following conditions apply in addition to those listed in Section **G. LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

1. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to changes in business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers;
 - (c) Deeds, liens or contracts; and
 - (d) Any other records or information that informs upon your business income.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described location or elsewhere.

- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

E. OPTIONAL COVERAGE

If shown as applicable in the Declarations, the following Optional Coverage applies.

1. Extended Period Of Indemnity

Under Paragraph **A.4.b., Extended Business Income**, the number 30 in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

F. DEFINITIONS

- 1. "Electronic data" means information, records, files, facts and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- 2. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale at the location of any retail outlet insured under this Policy.

3. "Operations" means:
- a. Your business activities occurring at the described locations; and
 - b. The tenantability of the described locations, if coverage for "rental value" applies.
4. "Period of restoration" means the period of time that:
- a. Begins:
 - (1) Immediately after the time of direct physical loss or damage, caused by or resulting from any Covered Cause of Loss at the described locations; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described locations should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include the time required to reproduce "finished stock".

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Rental value" means Business Income that consists of:
- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the locations described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described locations which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that location, including:

- (1) Payroll; and

- (2) The amount of charges, which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described locations is rendered untenable, if coverage for "rental value" applies.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - BUSINESS INCOME FROM DEPENDENT PROPERTIES

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE) UND 1206

ADDITIONAL COVERAGE - BUSINESS INCOME (WITHOUT EXTRA EXPENSE) UND 1207

SCHEDULE OF LOCATIONS COVERED

(Name and Describe Occupancy and Location)

Name	Description	Location

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by accidental direct physical loss of or damage to "dependent property" at a location described in the above Schedule of Locations Covered and caused by or resulting from a Covered Cause of Loss first commencing during the Policy Period.

However, coverage under this endorsement does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this endorsement will not continue once the other property is repaired, rebuilt or replaced.

B. LIMITS OF INSURANCE

The most we will pay for any one "loss occurrence" for any one location described in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations is the lesser of:

1. The Sub-limit of Insurance for Business Income from Dependent Property shown in the Declarations; or
2. The stated value of business income as shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declaration for the location that sustains business income loss from a dependent property.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

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C. DEDUCTIBLE

The deductible applies per Section **D. DEDUCTIBLES** of the Declarations, and as more fully described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

D. LOSS CONDITIONS

Under the **Loss Determination** Loss Condition in the **Additional Coverage – Business Income** endorsement, the following is added to the **Resumption Of Operations** provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:

1. Source of materials; or
2. Outlet for your products.

E. DEFINITIONS

The following is added to the **DEFINITIONS** Section:

1. "Dependent Property" means property operated by others whom you depend on to:
 - a. Deliver materials or services to you or to others for your account. But any property which delivers any of the following services is not a dependent property with respect to such services:
 - (1) Water supply services;
 - (2) Power supply services; or
 - (3) Communication supply services, including services relating to Internet access or access to any electronic network;
 - b. Accept your products or services;
 - c. Manufacture products for delivery to your customers under contract of sale; or
 - d. Attract customers to your business.
2. "Electronic data" means information, records, files, facts and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
3. "Period of Restoration", with respect to "dependent property", means the period of time that:
 - a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from a Covered Cause of Loss at the location of the "dependent property"; and
 - b. Ends on the date when the property at the location of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or

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- b.** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - CERTIFIED GREEN BUILDING EXTENSION

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

In the event of accidental direct physical loss or damage to your Building at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss first commencing during the Policy Period, and subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for the additional costs incurred to repair or replace the building(s) using materials, products and construction processes that are:

1. "Green" alternatives utilized in accordance with the required standards of a "green authority";
2. Are comparable in quality, size, capacity and function to the damaged property.

If the building is a "certified green building" prior to the loss or damage, we will pay:

1. In the event of a total loss, the necessary amount you actually spend to replace the damaged building with a building that meets the next-highest level of certification by the "green authority"; or
2. In the event of a partial loss, the necessary amount you actually spend to repair or replace the damaged portion of the building with property of like kind or quality to maintain the pre-loss level of certification.

If the building is *not* a "certified green building" prior to the loss or damage, we will pay:

1. In the event of a total loss, the necessary amount you actually spend to replace the damaged building with a building that meets the Silver level of LEED Certification or the equivalent certification level issued by a different "green authority"; or
2. In the event of a partial loss, the necessary amount you actually spend to repair or replace the damaged portion of the building with Energy Star-qualified property.

B. LIMIT OF INSURANCE

The Certified Green Building coverage extension does not increase the Limits of Insurance shown in the Declarations, including any amounts shown in Paragraph **C. ADDITIONAL COVERAGES** of this endorsement. Our maximum Limit of Insurance for increased expenses to repair or replace with "green" materials is limited to:

1. The Increased Cost Percentage for Green Building Coverage shown in the Declarations; multiplied by
2. The amount we would otherwise pay for a loss to the Building before any upgrades covered by this extension; and
3. Prior to the application of any deductible(s).

The maximum loss payable is determined by applying the applicable Green Building percentage shown in the Declarations to the stated values shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values. If the stated value of each building is not shown individually, we will determine individual building values using the provisions of paragraph **G. 13 Stated Values of LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** prior to application of the Green Building percentage.

Actual loss payment will be determined based on the amount of loss or damage subject to all applicable policy provisions including the Limits of Insurance, Deductible and Valuation Conditions. But the actual loss payment for each building will not exceed the maximum loss payable as described above and will not exceed the Limits of Insurance.

C. ADDITIONAL COVERAGES

1. Upgrade to Current Green Authority Standards

We will pay the additional costs to repair or replace the damaged property with “green” materials in order to meet current “green” certification standards in force at the time of the covered loss, if such standards have changed since the original certification was achieved. We will only pay for the additional costs to achieve the pre-loss level of certification.

This Additional Coverage does not cover any loss, damage or expense caused solely by the enforcement of any ordinance or law.

The most we will pay for upgrades to meet current “green authority” standards is \$25,000 per building for any one “loss occurrence”.

This limit is in addition to the amount payable under **A. Coverage**.

2. Debris Recycling

In the event of a covered loss, we will pay the reasonable increased expenses you incur during the course of reconstruction or repair to divert your recyclable debris to recycling centers instead of landfills. Any income derived from the debris recycling shall be used to offset the covered loss amount.

The most we will pay for the additional expenses incurred by utilizing recycling centers instead of landfill disposal is \$10,000 for any one “loss occurrence”.

This limit is in addition to the amount payable under **A. Coverage**.

3. Green Engineering Expenses

Following a covered loss, we will pay reasonable and customary fees for you to hire a qualified engineer or other professional certified by a “green authority” to assist with:

- a.** The design and reconstruction of the building; or
- b.** Testing and recalibrating the building systems to meet the standards required for recertification.

The most we will pay for “green” engineering expenses is \$25,000 for any one “loss occurrence”.

This limit is in addition to the amount payable under **A. Coverage**.

4. Certification Fees

In the event that a covered loss causes damage that requires re-certification of the building, we will pay the fees imposed by the “green authority” in order to receive certification.

We will only pay those fees incurred to attain the pre-loss level of certification from the “green authority”.

The most we will pay for recertification fees is \$25,000 for any one “loss occurrence”.

This limit is in addition to the amount payable under **A. Coverage**.

5. Vegetative Roofs

Only with regard to losses payable under this coverage extension for “vegetative roofs”, **Property Excluded** does not include growing plants, trees, shrubs, or lawns.

The most we will pay for a covered loss to the building's existing “vegetative roof” is \$50,000 per building for any one “loss occurrence”.

This limit is *included* in the amount payable under **A. Coverage**.

D. ADDITIONAL TERMS AND CONDITIONS

We will not pay under this endorsement for:

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

E. DEFINITIONS

The following definitions apply in addition to those indicated in section **I. DEFINITIONS** in the Difference In Conditions Coverage Form.

1. “Green” means products, materials or processes that minimize environmental impact by conserving natural resources, recycling, reducing water or energy use, or have other environmental benefits.
2. “Green authority” means a nationally recognized authority on “green” building methods that has developed a certification program such as:
 - U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED®) Certification Program; or
 - The Green Building Initiative's Green Globes™ Certification Program.
3. “Certified green building” means a building or structure that has received certification through a nationally recognized “green authority” building standards program.
4. “Vegetative roofs” means a roofing system where the roof is covered with vegetation and soil or a growing medium, planted over a waterproofing membrane.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

DIFFERENCE IN CONDITIONS COVERAGE FORM

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section I., **DEFINITIONS**.

A. COVERAGE

In return for your payment of the required premium, we will pay for accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss first commencing during the Policy Period. A Covered Cause of Loss means direct physical loss unless the loss is excluded in Sections C., **PROPERTY EXCLUDED** or D., **CAUSES OF LOSS EXCLUDED**, or excluded or limited in the Declarations or by endorsement.

1. Covered Property

a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to buildings or structures at the locations described in the Declarations. An addition does not include new construction of any separate building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described location, used for making additions, alterations or repairs to the building or structure.

b. **Contents**, meaning furniture, fixtures, machinery and equipment being property belonging to you, or such properties of others in your care, custody or control and for which you are liable in the event of a direct physical loss.

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- c. **"Stock"**, including "stock" of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
- d. **Tenant's Improvements and Betterments**, meaning fixtures, alterations, installations or additions:
 - (1) Made a part of the building you occupy but do not own; and
 - (2) You acquired or made at your expense but cannot legally remove.

2. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraph (3) below, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the Policy Period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to remove debris caused by an excluded cause of loss.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property, as specified in Section A. 2., **LIMITS OF INSURANCE** in the Declarations, that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will not be liable under this policy for:
 - (a) Any greater proportion of such expense than the amount of insurance hereunder bears to the total amount of all insurance, whether all such insurance contains this clause or not.
 - (b) Loss occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of the building which has not suffered loss by any Covered Cause of Loss unless such liability is otherwise specifically insured by this policy.

b. Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria

- (1) The coverage described in A.2.b.(2) only applies when the "fungus", wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the Policy Period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) The amount of \$5,000 is the most we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

- (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- (3) The coverage described under **b.(2)** of this Limited Coverage is limited to \$5,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss which take place during the Policy Period. With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$5,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later Policy Period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limits of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limits of Insurance on the affected Covered Property, as specified in Section **A. 2., LIMITS OF INSURANCE** in the Declarations.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

Increase in loss or damage as used in this Limited Coverage means any loss, damage, cost or expense resulting from the presence, treatment, removal or disposal of "fungus", wet or dry rot or bacteria as excluded in this policy.

c. Limited Coverage for Land Stabilization and Building Foundations

- (1) We will pay your expenses, including engineering costs, to replace, stabilize or restore the land that supports the damaged Building when necessary in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by the perils of either "earthquake" or flood. This Limited Coverage is then only provided if a limit is shown in the Declarations for the peril that caused the structural damage.

The Limited Coverage under this subsection **c.(1)** only applies if:

- (a) the stabilization or restoration is required in order to repair damage to the damaged Building located directly upon that land; and
- (b) the damage to land is the result of "earthquake", or flood if endorsed onto this policy.

This Limited Coverage does not apply to costs to stabilize or restore land if the land damage is caused by an excluded cause of loss.

We do not provide any other coverage for land, land damage or landscaping.

- (2) We will pay your expenses to repair or replace Building foundations when required in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by the perils of either "earthquake" or flood. This Limited Coverage is then only provided if a limit is shown in the Declarations for the peril that caused the structural damage.

The Limited Coverage under this subsection **c.(2)** only applies if:

- (a) the repair or replacement of Building foundations is required in order to repair damage to the damaged Building located directly upon those foundations; and

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- (b) the damage to foundations is the result of “earthquake”, or flood if endorsed onto this policy.

This Limited Coverage does not apply to expenses to repair or replace Building foundations if the damage to the Building is caused by an excluded cause of loss.

As used in this Limited Coverage, Building foundations means the foundations of buildings, machinery or boilers if their foundations are below:

- a. the lowest basement floor; or
- b. the surface of the ground, if there is no basement;

The amount of \$5,000 is the most we will pay for Land Stabilization and Building Foundations under this Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all “loss occurrences” caused by “earthquake” or flood which take place during the Policy Period.

Structural damage to the Building must exceed the deductible in order for this Limited Coverage to apply.

The expenses for land stabilization and/or Building foundations will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

Payments made for coverage under this Limited Coverage for Land Stabilization and Building Foundations are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

B. DEDUCTIBLE CLAUSE

All claims for loss or damage arising out of a single “loss occurrence” will be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown in the Declarations, but in no event to exceed the applicable Limits of Insurance shown in the Declarations. If two or more causes of loss covered by this policy contribute to a single “loss occurrence”, the total deductible will be the largest deductible applicable.

a. Per Unit of Insurance

When “Per Unit” is indicated in the Declarations, your deductible is calculated separately for, and applies separately to each Unit of Insurance. Each separate Coverage Item described in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations is considered a separate Unit of Insurance. The deductible is calculated by multiplying the deductible percentage separately to the stated value of each Unit of Insurance.

EXAMPLE – APPLICATION OF PER UNIT OF INSURANCE DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

One location with one Building:

Building #1 - The total stated value of the Building is \$800,000, Contents is \$700,000 and Business Income is \$200,000

The total adjusted loss at Building #1 = \$100,000 in Building damage, \$600,000 in Contents damage and \$150,000 for Business Income loss.

Deductible = 10%

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Step 1: Building deductible = $\$800,000 \times 10\% = \$80,000$

Step 2: Contents deductible = $\$700,000 \times 10\% = \$70,000$

Step 3: Business Income deductible = $\$200,000 \times 10\% = \$20,000$

Step 4: Building damage less deductible = $\$100,000 - \$80,000 = \$20,000$

Step 5: Contents damage less deductible = $\$600,000 - \$70,000 = \$530,000$

Step 6: Business Income loss less deductible = $\$150,000 - \$20,000 = \$130,000$

The most we will pay is \$680,000. That portion of the total adjusted loss not covered due to the application of the deductibles is \$170,000.

b. Per Location

When "Per Location" is indicated in the Declarations, your deductible is calculated separately for, and applies separately to each location stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations. The deductible is calculated by multiplying the deductible percentage to the sum of the collective values for all Coverage Items associated with each location stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** of the Declarations, regardless of whether such Coverage Items incurred loss or damage.

EXAMPLE – APPLICATION OF PER LOCATION DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

Two locations with two Buildings at location #1 and one building at location #2:

Location #1, Building #1 - The total stated value of the Building, Contents and Business Income is \$1,920,000. The total adjusted loss for Building, Contents and Business Income at Building #1 = \$1,000,000

Location #1, Building #2 - The total stated value of the Building, Contents and Business Income is \$140,000. The total adjusted loss for Building, Contents and Business Income at Building #2 = \$30,000

Location #2, Building #1 – The total stated value of the Building, Contents and Business Income is \$900,000. The total adjusted loss for Building, Contents and Business Income at Location #2 = \$200,000

Deductible = 10%

Step 1: Total adjusted loss at Location #1 = Building #1 loss plus Building #2 loss = $\$1,000,000 + \$30,000 = \$1,030,000$

Step 2: Total adjusted loss at Location #2 = \$200,000

Step 3: Deductible applied to Location #1 = stated value at Building #1 plus the stated value at Building #2 = $(\$1,920,000 + \$140,000) \times 10\% = \$206,000$

Step 4: Deductible applied to Location #2 = stated value of Location #2 = $\$900,000 \times 10\% = \$90,000$

Step 5: Location #1 loss minus deductible = $\$1,030,000 - \$206,000 = \$824,000$

Step 6: Location #2 loss minus deductible = $\$200,000 - \$90,000 = \$110,000$

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The most we will pay is \$934,000. That portion of the total adjusted loss not covered due to the application of the deductible is \$296,000.

c. Per Policy

When "Per Policy" is indicated in the Declarations, your deductible is calculated by multiplying the deductible percentage to the sum of the collective values for all Coverage Items stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations, regardless of whether such Coverage Items incurred loss or damage.

EXAMPLE – APPLICATION OF PER POLICY DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

Two locations with one Building at each location:

Location #1 - The total stated value of the Building, Contents and Business Income is \$2,000,000.

The total adjusted loss for Building, Contents and Business Income at Location #1 = \$1,600,000

Location #2 – The total stated value of the Building, Contents and Business Income is \$400,000.

The total adjusted loss for Building, Contents and Business Income at Location #2 = \$0

Deductible = 10%

Step 1: $\$2,000,000 + \$400,000 = \$2,400,000$ (total Policy values for all Coverage Items)

Step 2: Deductible applied to the policy = $\$2,400,000 \times 10\% = \$240,000$

Step 3: Loss minus deductible = $\$1,600,000 - \$240,000 = \$1,360,000$

The most we will pay is \$1,360,000. That portion of the total adjusted loss not covered due to the application of the deductible is \$240,000.

C. PROPERTY EXCLUDED

We will not pay for loss or damage to the following property unless, for the specific property, a stated value is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** and/or a sub-limit of insurance is shown in Section **A.1.a. LIMITS OF INSURANCE** in the Declarations or in an endorsement to this policy:

1. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, tickets (including lottery tickets), valuable papers or records. We will not pay for the cost or expense to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media;

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2. Living organisms of any kind, including but not limited to animals, growing plants, trees or shrubs (except when held for sale, or when used for decorative purposes inside buildings), growing crops or lawns;
3. Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;
4. Bridges, tunnels, dams, trestles, culverts, swales, roadways, walks, patios or other paved surfaces;
5. Contraband, or property in the course of illegal transportation or trade;
6. Contractors' equipment;
7. Electronic data processing equipment including but not limited to computers, servers, networks, mainframes, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, drives, blades, and any storage device owned by you, leased to or rented to you, unless specifically endorsed to this policy;
8. Electronic data, including but not limited to information, records, files, facts, and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment, including the cost or expense to research, replace or restore electronic data. The term computer programs means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph 8. does not apply to your "stock" of prepackaged software;
9. Exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy covering exports and imports;
10. Signs (other than signs attached to buildings); radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
11. Foundations of buildings, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;

Even if the building sustains covered direct physical damage that results in enforcement of an ordinance or law requiring demolition and construction or repair of damaged or undamaged foundations, these foundations are excluded from coverage under this policy except to the extent provided under Section **A.2.c., Limited Coverage for Land Stabilization and Building Foundations**;
12. Grain, hay, straw or other crops;
13. Jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals or alloys, bullion, furs, and articles trimmed with fur;
14. Land or land value (including land on which the property is located), or air or water, howsoever and wherever located, or any interest or right therein, including underground or surface water, water rights and mineral rights. We will not pay for the cost of excavations, grading, backfilling or filling except to the extent provided under Section **A.2.c. Limited Coverage for Land Stabilization and Building Foundations**;

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15. Mining equipment;
16. Motor vehicles, watercraft, aircraft;
17. Pilings, piers, bulkheads, wharves or docks;
18. Pools, spas, hot tubs, or fountains;
19. Property in the course of construction, including materials and supplies thereof;
20. Property sold by you under conditional sales, trust agreements, installment payments or other deferred payment plans after delivery to customers;
21. Property in transit, including but not limited to shipments in the mail;
22. Power transmission and/or distribution lines;
23. Railroad rolling stock, including locomotives, or roadbeds;
24. Fences;
25. Retaining and non-retaining walls unless they are part of the building(s) described in the Declarations;
26. Underground Utilities, meaning underground pipes, flues or drains; including, but not limited to water, gas, electrical, communications and sanitary systems.

D. CAUSES OF LOSS EXCLUDED

We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from, any of the following excluded causes of loss. Such loss, damage, cost or expense is excluded regardless of any other cause or event that contributes concurrently or in sequence to the loss.

1. The following causes of loss are excluded whether or not insurance for such causes of loss is being maintained by you at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a cause of loss covered under this policy:
 - a. Aircraft or vehicles, including loss or damage by objects falling from aircraft as well as loss or damage caused by or resulting from vehicles owned by you or operated in the course of your business;
 - b. Any causes of loss covered under policies maintained by you as required by Section **F.7., All Risk Coverage Warranty**, of this form;
 - c. Explosion, including, but not limited to, the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. Explosion also includes:
 - (1) The rupture, bursting, or operation of pressure relief devices; and
 - (2) The rupture or bursting due to expansion or swelling of the contents of any building, caused by or resulting from water;
 - d. Falling objects, including loss or damage to personal property in the open and to the interior of a building or property inside a building;
 - e. Fire and/or lightning;
 - f. Flood, including but not limited to:

- (1) The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
- (2) The unusual and rapid accumulation or runoff of inland surface waters from any source or by their spray;
- (3) Waters changing course;
- (4) Waves, wave wash, wave action, storm surge, or their spray, all whether driven by wind or not;
- (5) The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;
- (6) Underground waters rising;
- (7) Tsunami or tidal wave;
- (8) Seiche;

All whether such loss or damage arises from an event that occurs suddenly or gradually, or involves isolated or widespread damage.

We will not pay for loss or damage resulting from waterborne material involved in the flood. We will not pay for loss or damage whether the flood is driven by wind or not; or whether the flood was caused by natural, external, or man-made forces. We will not pay for loss or damage due to flood which results from the intentional or negligent act, error, omission or professional negligence of any party.

However, if flood coverage is endorsed to and made part of this policy, we will pay for loss subject to the limited coverage provided by that endorsement.

g. Riot or civil commotion, including, but not limited to:

- (1) Acts of striking employees while occupying the described location; and/or
- (2) Looting occurring at the time and place of a riot or civil commotion;

- h. Sinkhole collapse, including but not limited to loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on soil and/or bedrock, or the sinking or collapse of land into man-made underground cavities;**
- i. Smoke, including, but not limited to, gas, vapor and smoke from agricultural smudging or industrial operations;**
- j. Sprinkler leakage, meaning leakage or discharge of any substance from an "automatic sprinkler system", including collapse of a tank that is part of the system;**
- k. Vandalism and malicious mischief, meaning willful and malicious damage to, or destruction of, Covered Property;**
- l. Water. This includes water from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise. This water exclusion applies even if water combines or contributes in any way with any other excluded cause of loss to cause the loss or damage.**

However, if flood coverage or earthquake sprinkler leakage coverage is endorsed to and made part of this policy, we will pay for loss subject to the limited coverage provided by those endorsements.

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- m. Weather Conditions, including, but not limited to:
 - (1) Windstorm or hail;
 - (2) Frost or cold weather;
 - (3) Ice, rain, snow or sleet, whether driven by wind or not;
 - (4) Loss or damage to the interior or exterior of any building, or the property inside or outside the building, caused by rain, snow, sleet, sand or dust, whether driven by wind or not;
- n. Weight of snow, hail, ice or sleet, including loss or damage to personal property outside of buildings;
- 2. a. Acts or decisions, including the failure to act or decide, of any person, organization or governmental body;
- b. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance of part or all of any property on or off the locations covered;
- 3. Any fraudulent scheme, trick, device or false pretense perpetrated upon you or upon any person(s) to whom the property may be entrusted;
- 4. Asbestos, dioxin, nano materials or polychlorinated biphenyls removal, encapsulation, covering, or any manner of control or abatement from any goods, products, "stock", contents or building. We will not pay for loss or damage caused by or resulting from:
 - a. Demolition, increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos, dioxins, nano materials or polychlorinated biphenyls;
 - b. Any governmental direction or request declaring that asbestos materials, dioxins, nano materials or polychlorinated biphenyls present in or part of or utilized on any undamaged portion of your property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
 - c. The presence of asbestos, dioxins, nano materials or polychlorinated biphenyls in any building as defined in Section A.1.a. of this policy;
- 5. Dampness of atmosphere, dryness of atmosphere, extremes or changes of temperature or barometric pressure, all whether atmospheric or not, shrinkage, evaporation, loss of weight, rust or corrosion;
- 6. Delay, loss of market, loss of use, interruption of business, consequential loss of any nature; except when specifically covered by endorsement and then only to the limited extent of coverage provided by that endorsement;
- 7. Denial of service, including but not limited to authorized or unauthorized direction of a high volume of messages or inquiries to web sites or e-mail destinations, effectively denying, interrupting or limiting legitimate access, including but not limited to spamming or phishing;
- 8. Earth movement, including but not limited to:

- a. "Earthquake". However, this exclusion a. only applies if "earthquake" contributes in any way with one of the following causes or events to produce the loss or damage:
 - (1) Fire;
 - (2) Explosion;
 - (3) Volcanic Eruption;
 - (4) Tsunami;
 - (5) Nuclear reaction, nuclear radiation or radioactive contamination;
 - (6) "Pollutants", including the discharge, dispersal, seepage, migration, release or escape of "pollutants", including but not limited to any cost or expense to extract "pollutants", remove restore or replace polluted land, air or water, or investigate any loss, injury or damage or for any cost, fine or penalty or any related expense or claim or suit;
 - (7) Flood, except when flood coverage is purchased and made a part of this policy and then only to the limited extent of coverage provided by that endorsement;
 - (8) Power surge or failure of power, communication, water or other utility service supplied to the described location;
 - (9) Sprinkler leakage, meaning leakage or discharge of any substance from an "automatic sprinkler system", including collapse of a tank that is part of the system; except when covered by an Additional Coverage Earthquake Sprinkler Leakage endorsement attached to and made a part of this policy and then only to the limited extent of coverage provided by that endorsement;
 - (10) Water as excluded in 1.I. of this section **D. CAUSES OF LOSS EXCLUDED** and water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment;
- b. Landslide and/or avalanche, and any earth sinking, rising or shifting related to such an event;
- c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- d. Subsidence, earth sinking, rising or shifting, including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of real property. Soil conditions include, but are not limited to, contraction, expansion, freezing, thawing, erosion, improperly compacted, graded and/or maintained soil and/or the action of water under the ground surface;
- e. Collapse of volcanic edifice;
- f. Man-made shaking or vibrations;
- g. Mudslide or mudflow;
- 9. Electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with electrical or electronic wire, device, appliance, fixture, system or network. For the purposes of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to:
 - a. Electrical current, including arcing;
 - b. Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - c. Pulse of electromagnetic energy; or

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- d. Electromagnetic waves or microwaves;
10. Enforcement of or compliance with any ordinance or law regulating the construction, use, repair or demolition of any real property insured under this policy. This exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or the loss results from the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property;
11. Errors in design, errors in processing, faulty workmanship or faulty materials;
12. Explosion or rupture or bursting of pressure vessels or pipes, or steam boilers, or steam engines, or steam turbines, or flywheels; any of which is owned, leased or operated by you;
13. Failure of power, communication, water or other utility service supplied to the described location, however caused. Failure of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular, satellite or other communication network;
14. a. The failure, malfunction or inadequacy of:
- (1) Any of the following, whether belonging to you or to others:
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or
 - (f) Any other computerized or electronic equipment or components; or
 - (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **a. (1)** above.
- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **a. (1)** and **a. (2)** above;
- We will not pay for repair, replacement or modification of any items in Paragraphs **a. (1)** and **a. (2)** above to correct any deficiencies or change any features;
15. Freezing and/or thawing of plumbing or heating systems;
16. "Fungus", wet rot, dry rot and bacteria
- This exclusion applies regardless of whether "fungus", wet rot or dry rot or bacteria arises from any other cause of loss, which may otherwise be covered by this policy, except to the extent provided under Section **A.2.b., Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria**;
17. Geomagnetic storms, solar flares, solar eruptions or bursts including plasma bubbles or ejections, magnetic field or magnetosphere fluctuations or disruptions, comets, asteroids, meteorites, or any falling spacecraft, part or fragment thereof;
18. Hostile or warlike action in time of peace or war, including:

- a. Action in hindering, combating or defending against an actual, impending or expected attack by:
 - (1) Any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - (2) Military, naval or air forces; or
 - (3) Any agent of any government, power, authority or forces;
 - b. Use of any weapon in time of peace or war, including but not limited to weapons employing atomic fission or radioactive force;
 - c. Insurrection, rebellion, revolution, civil war, usurped power or martial law or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
19. Infidelity or any dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
- a. Acting alone or in collusion with others; or
 - b. Whether or not occurring during the hours of employment;
20. Spoilage, leakage of contents, breakage of glass or similar fragile materials, marring, scratching, exposure to light, contamination, change in flavor or color or texture or finish, changes in temperature or humidity;
21. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
22. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled;
23. Pilferage, burglary, larceny, looting, robbery, theft, or attempted theft;
24. "Pollutants", including loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants", including but not limited to any cost or expense to:
- a. Extract "pollutants" from land, air or water; or
 - b. Remove, restore or replace polluted land, air or water; or
 - c. Investigate any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to either **a.** or **b.** above;
25. Settling, shrinkage, subsidence or expansion of foundations, walls, floors, or ceilings;
26. Seizure or destruction of property by order of governmental authority;
27. "Terrorism", including loss, damage, cost or expense caused by, resulting from or in connection with:
- a. Any act of "terrorism";
 - b. The use or threatened use of biological, chemical, radiological or nuclear substances for the apparent purpose of or with the result of harming or intimidating a civilian population, whether in time of peace or war, and regardless of who commits the acts; or

- c. Any action taken to control, counter, prevent, respond to, mitigate or suppress either **a.** or **b.** above;

This does not apply to "Certified Acts of Terrorism" if such coverage is purchased and made part of this policy;

- 28. Unexplained disappearance of property or loss or shortage of property disclosed on taking inventory;
- 29. Volcanic eruption, explosion or effusion, including any related shaking or trembling of the earth and/or ensuing "volcanic action";
- 30. Water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment;
- 31. Wear and tear, depreciation, inherent vice, latent defect, gradual deterioration, decay, smog, nesting or infestation, vermin, rodents, termites or other insects including larvae or pupae thereof;
- 32. Your neglect to use all reasonable means to save and preserve property from further damage at and after the time of loss;
- 33. Erroneous, negligent or intentional acts by any person or persons;
- 34. Any controlled, uncontrolled, or naturally occurring situation or incident involving the threat, actual use, presence, release, or escape of biological, chemical, nuclear, or radioactive materials;
- 35. Silica or silica-related dust, or any product containing silica or silica-related dust, including any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize silica or silica-related dust;
- 36. Collapse, except for collapse caused directly by:
 - a. "Earthquake", or
 - b. Flood, but only when a flood coverage endorsement is purchased and made a part of this policy and then only when the collapse is caused by a flood loss covered under that endorsement.

E. CANCELLATION POLICY CONDITION

- 1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.
- 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- 5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- 6. If notice is mailed, proof of mailing will be sufficient proof of notice.

F. OTHER POLICY CONDITIONS

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1. Changes

This policy contains all agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy. Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person will not constitute a waiver or a change in any part of this policy or stop us from asserting any right(s) under the terms of this policy.

2. Examination Of Your Books and Records

We may examine and audit your books and records as they relate to this policy at any time during the Policy Period and up to three years afterward.

3. Inspections And Surveys

a. We have the right to:

- (1) Make inspections and surveys at any time;
- (2) Give you reports on the conditions we find;
- (3) Recommend changes; and
- (4) Make appraisals and valuations.

b. We are not obligated to make any inspections, surveys, reports, appraisals, valuations or recommendations. Valuations and appraisals do not constitute a recommendation regarding the adequacy of Limits of Insurance under this policy.

We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- (1) Are safe or healthful;
- (2) Comply with laws, regulations, codes or standards.

c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or any organization which makes insurance inspections, surveys, reports or recommendations.

4. Minimum Retained Premium

In the event of cancellation of this policy at your request, the policy Minimum Retained Premium will be the percentage of the policy premium shown in the Declarations. Your failure to make a timely payment of premium will be considered a request by you for us to cancel. If we cancel for non-payment of premium, the Minimum Retained Premium or earned premium, whichever is greater, will be immediately due and payable.

5. Premiums

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

6. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is

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appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

7. All Risk Coverage Warranty

You warrant that the property insured is covered and at all times during the Policy Period will continue to be covered, by standard all risk insurance for the term of this policy, equivalent to Insurance Services Office, Inc. forms CP 0010 and CP 1030 or their equivalent(s) as approved by the insurance department of the state where the predominant exposure is located. All losses under this policy will be adjusted as though such coverage was in effect at the time of loss.

It is agreed that your failure to comply with this warranty shall constitute a violation of a material warranty and make this policy voidable by us.

G. LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the values of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Brands And Labels

In the event of loss of or damage to labels, capsules or wrappers, the loss will be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

If branded or labeled merchandise covered by this policy is damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; but you must re-label the merchandise or containers in compliance with the requirements of law.

4. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

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- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, without our written consent.

- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request.

- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

5. Excess Insurance

Permission is granted to you to have excess insurance over the Limits of Insurance set forth in this policy without prejudice to this policy, and the existence of such insurance, if any, will not reduce any liability under this policy.

6. Loss Clause

Following an "earthquake" or flood loss, we have the option but not the duty of reinstating the Limits of Insurance shown in the Declarations for "earthquake" and flood, for an additional premium.

7. Loss Payment

- a. In the event of loss or damage covered by this policy, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of paragraph **G.14 Valuation** Condition in this policy or any applicable provision which amends or supersedes the terms of paragraph **G.14 Valuation** Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.

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- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this policy and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, paragraph **G.14. Valuation** Conditions and all other provisions of this **Loss Payment** Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of paragraph **H.6. Transfer Of Rights Of Recovery Against Others To Us** Condition in this policy.

8. Other Insurance

Pursuant to Section **D., CAUSES OF LOSS EXCLUDED**, exclusion **1.b.**, this policy does not provide coverage for any loss covered under standard all risk insurance as warranted under paragraph **F.7., All Risk Warranty** of Section **F. OTHER POLICY CONDITIONS**. Only if you have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy, will we pay our share of the covered loss or damage. Our share is the proportion that the applicable Limits of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis.

9. Pair, Set Or Parts

a. Pair or Set

In case of loss or damage to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the loss; or
- (2) Pay the difference between the value of the pair or set before and after the loss.

b. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

10. Records and Inventory

You will keep accurate books, records and accounts in the following manner:

A detailed and itemized inventory record of all property covered hereunder will be maintained and physical inventory will be taken periodically at intervals not more than 12 months apart.

11. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

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12. Single Loss Clause

It is agreed that “earthquakes” can occur in a sequence, a series, or a cluster and involve multiple shocks, including foreshocks, mainshocks and aftershocks. With respect to a “loss occurrence” occasioned by “earthquake”, all loss or damage attributable to such “earthquake” shocks that occur within 168 consecutive hours during the Policy Period will be considered a single “loss occurrence”. The 168 hours will commence at the time of the earliest “earthquake” shock. However, we will not be liable for any loss caused by any “earthquake” shock occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.

13. Stated Values

The stated values of all Coverage Items are represented by the values shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations. If, at the time of the “loss occurrence”, there is no value stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** for each individual building at a scheduled location, the stated value for each building will be determined by multiplying the total reported value of all buildings by the proportion that the square footage of the individual building bears to the total square footage of all buildings contemplated in the total reported building value.

The square footage of each separate building will be estimated or ascertained after a “loss occurrence” as necessary. The resulting apportioned values will be considered the stated value for the individual building. The apportioned value will be considered **a)** a separate Unit of Insurance for deductible calculations as specified in Section **B. DEDUCTIBLE CLAUSE**; and **b)** the stated value with respect to the Limits of Insurance as specified in Section **A.2.b. LIMITS OF INSURANCE** in the Declarations.

EXAMPLE

The following example illustrates how a stated value is calculated under the conditions above. The amounts in the example shown may not be applicable to your policy. They are being used only to provide you with an example.

In this example, the **SCHEDULE OF LOCATIONS AND VALUES** shows three buildings at one location, with total building values for the location of \$7,500,000. Building 1 is 10,000 square feet. Building 2 is 25,000 square feet. Building 3 is 15,000 square feet, as reported on the application or submission or otherwise estimated or ascertained. The total square footage for the location is 50,000 square feet (10,000 plus 25,000 plus 15,000). The policy has a 5% deductible that applies Per Unit of Insurance.

Loc #	Bldg #	Address	Coverage Item	Value
1	Aggregate, 3 buildings	415 Main Street, Springfield, CA 90000	Building	\$ 7,500,000

Step 1: Determine the stated value of each building by multiplying the total reported building value of \$7,500,000 by the proportion that the individual building square footage bears to the total square footage.

Building 1: $\$7,500,000 \times (10,000/50,000) = \$1,500,000$.

Building 2: $\$7,500,000 \times (25,000/50,000) = \$3,750,000$.

Building 3: $\$7,500,000 \times (15,000/50,000) = \$2,250,000$.

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Step 2: Determine applicable deductible by multiplying the deductible percentage of 5% times the stated value of the Coverage Item.

Building 1: $5\% \times \$1,500,000 = \$75,000$

Building 2: $5\% \times \$3,750,000 = \$187,500$

Building 3: $5\% \times \$2,250,000 = \$112,500$

Step 3: Determine the maximum amount payable for each building per Section **A.2.b LIMITS OF INSURANCE** in the Declarations, subject always to the entire provisions of that section.

Building 1: stated value minus deductible: $\$1,500,000 - \$75,000 = \$1,425,000$

Building 2: stated value minus deductible: $\$3,750,000 - \$187,500 = \$3,562,500$

Building 3: stated value minus deductible: $\$2,250,000 - \$112,500 = \$2,137,500$

14. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At Replacement Cost (without deduction for depreciation);
- b. Replacement cost does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;
 - (4) "Stock", unless the "stock" is a listed Coverage Item with a corresponding stated value in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations;
 - (5) Manuscripts; or
 - (6) Any item covered under the Additional Coverage Valuable Papers and Records Endorsement, when attached to and made a part of this policy.

The items listed under **b.** above will be valued at actual cash value, meaning replacement cost minus depreciation unless defined differently by applicable state law, as of the time of loss or damage.

Under the terms of this **Valuation LOSS CONDITION**, Tenant's Improvements and Betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the replacement cost valuation if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to Tenant's Improvements and Betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of Tenant's Improvements and Betterments will be determined as a proportion of your original cost. We will determine the proportionate value as follows:
- (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (4) We will not pay for loss or damage to Tenant's Improvements and Betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3) below, subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property as described in **A.2. LIMITS OF INSURANCE** in the Declarations;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new location, the cost described in this paragraph e. is limited to the cost which would have been incurred if the building had been rebuilt at the original location.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

H. ADDITIONAL CONDITIONS

1. Claims Against Third Parties

In the event of any loss of or damage to the property covered hereunder you will immediately make claim in writing against the carrier(s), bailee(s) or others involved.

2. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this Coverage at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

- a. This policy;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this policy.

3. Legal Action Against Us

No one may bring a legal action against us under this policy unless:

- a. There has been full compliance with all of the terms of this policy; and

- b. The action is brought within 12 months after the date on which the direct physical loss or damage occurred.

However, if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims will be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state.

4. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

5. Policy Period, Coverage Territory

Under this policy:

- a. We cover loss or damage commencing:

- (1) During the Policy Period shown in the Declarations; and
- (2) Within the coverage territory.

- b. The coverage territory is the "state" in which the location(s) described in the Declarations is located.

6. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you.

This will not restrict your insurance.

I. DEFINITIONS

The following definitions are hereby added to this policy.

1. "Automatic sprinkler system" means:

- a. Any automatic fire-protective or extinguishing system, including connected:

- (1) Sprinklers and discharge nozzles;
- (2) Ducts, pipes, valves and fittings;
- (3) Tanks, their component parts and supports; and
- (4) Pumps and private fire protection mains.

- b. When supplied from an automatic fire-protective system:

- (1) Non-automatic fire-protective systems; and

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(2) Hydrants, standpipes and outlets.

2. "Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.
3. "Earthquake" means a sudden movement of the crust of the earth caused by the release of stress accumulated along geologic faults.
4. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
5. "Loss occurrence" means any one loss or disaster, or series of losses or disasters, arising out of one event.
6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
7. "State" means one of the 50 United States of America and the District of Columbia.
8. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
9. "Terrorism" means an activity that involves a violent act or the use of force, including the threat of any such activity or the preparation for any such activity, that is committed for political, religious, ideological, economic, social, or cultural purposes, by any person or group(s) of persons, whether acting alone or on behalf of or in concert with or in connection with any organization(s), government(s), or other political entity(ies), and:
 - a. Has been labeled, identified or described as a terrorist act by the executive branch of the United States government; or
 - b. Causes either:
 - (1) Damage to property;
 - (2) Injury to person(s);
 - (3) Disruptions of financial, governmental, transportation, communication, computer or utility services; or
 - c. Appears to be intended to:
 - (1) Disrupt any segment of an economy;
 - (2) Intimidate, harm, coerce or punish a civilian population;
 - (3) Put the public, or any section of the public, in fear;
 - (4) Influence the policy of a government by intimidation, coercion or punishment; or
 - (5) Affect the conduct of a government by destruction, assassination, kidnapping or hostage-taking.
10. "Volcanic action" means the direct loss or damage resulting from the eruption, explosion or effusion of a volcano when the loss or damage is caused by airborne volcanic blast or airborne shock waves, ash, dust or particulate matter, or lava flow. Volcanic action includes the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the Covered Property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - EARTHQUAKE SPRINKLER LEAKAGE

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from "sprinkler leakage" from an "automatic sprinkler system", but only when such "sprinkler leakage" is caused directly by "earthquake" as insured against by this policy.

B. LIMITS OF INSURANCE AND DEDUCTIBLE

This coverage is included within the "earthquake" Limit of Insurance shown in Section **A. LIMITS OF INSURANCE** in the Declarations and is subject to the "earthquake" deductible shown in Section **D. DEDUCTIBLES** in the Declarations. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEFINITIONS

"Sprinkler leakage" means the leakage or discharge of any substance from an "automatic sprinkler system", including collapse of a tank that is part of the system.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - EARTHQUAKE SPRINKLER LEAKAGE SUBLIMIT

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from "sprinkler leakage" from an "automatic sprinkler system", but only when such "sprinkler leakage" is caused directly by "earthquake" as insured against by this policy.

B. LIMITS OF INSURANCE

The most we will pay for loss or damage under this extension is the Sprinkler Leakage Limit of Insurance shown in the Declarations. This coverage is included within the "earthquake" Limit of Insurance shown in Section **A. LIMITS OF INSURANCE** in the Declarations and is subject to the "earthquake" deductible shown in Section **D. DEDUCTIBLES** in the Declarations. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEFINITIONS

"Sprinkler leakage" means the leakage or discharge of any substance from an "automatic sprinkler system", including collapse of a tank that is part of the system.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - ELECTRONIC DATA PROCESSING EQUIPMENT COVERAGE

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss first commencing during the Policy Period.

1. Covered Property

Electronic Data Processing Equipment meaning tangible hardware including computers, servers, networks, mainframes, electronic accounting machines, drives, blades, and any storage device (excluding the "electronic data" stored thereon), owned by you, leased to or rented to you at the locations described in the Declarations.

2. Additional Coverages

Electronic Data Processing Extra Expense

- (1) This additional coverage **a. Electronic Data Processing Extra Expense** only applies if either **BUSINESS INCOME (AND EXTRA EXPENSE) UND 1206** or **EXTRA EXPENSE UND 1216** is attached to and made part of this policy.
- (2) We will pay the actual and necessary Extra Expense you sustain due to accidental direct physical loss of or damage to Covered Property described in **A.1.a.** above, insured under this endorsement at the locations described in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.
- (3) Extra Expense means the following necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to Covered Property described in **A.1.a.** above, insured under this endorsement caused by or resulting from a Covered Cause of Loss. Coverage pertains to expenses (other than the expense to repair or replace property, or to replace, restore or reproduce "electronic data"), which are incurred to:
 - (a) Avoid or minimize the "suspension" of business and to continue your "operations" at your scheduled location or at replacement location or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location;
 - (b) Minimize the "suspension" of your business if you cannot continue "operations";We will also pay Extra Expense to repair or replace Covered Property described in **A.1.a.** above, insured under this endorsement, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.
- (4) The amount of Extra Expense will be determined based on:

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All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (i) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
- (ii) Any Extra Expense that is covered by other insurance; and
- (iii) Necessary expenses that reduce the Extra Expense otherwise incurred.

We will reduce the amount of your Extra Expense loss to the extent you can return operations to normal and discontinue such Extra Expense.

If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

Payments made for coverage provided under this additional coverage electronic data processing extra expense are within the Limits of Insurance described in Section **C.** below and will not serve to increase our Limits of Insurance.

B. PROPERTY EXCLUDED

The following property is excluded in addition to the property excluded described in Section **C. PROPERTY EXCLUDED** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. We will not pay for loss or damage to the following property:

- 1. "Electronic data";
- 2. Accounts, bills, deeds, evidences of debt, valuable papers, records, abstracts, manuscripts or other documents;
- 3. Any "media";
- 4. Property which is held for sale;
- 5. Property leased or rented to others while away from the locations described in the Declarations;

C. CAUSES OF LOSS EXCLUDED

The following exclusions apply in addition to those described in Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from any of the following excluded causes of loss:

- 1. Any quality in the Electronic Data Processing Equipment that causes it to damage or destroy itself;
- 2. Mechanical breakdown or failure of the Electronic Data Processing Equipment, including faulty construction or changes in the arrangement of machine parts;
- 3. Faulty materials and workmanship in the development, manufacture or installation of the Electronic Data Processing Equipment;
- 4. Programming errors or incorrect instructions to Electronic Data Processing Equipment;
- 5. Actual work upon the Electronic Data Processing Equipment, including repairing, adjusting, servicing or maintenance operation;

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6. A virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation; or
7. Date and/or time changes.

D. LIMIT OF INSURANCE AND STATED VALUES

With respect to all coverage provided under this endorsement, the most we will pay for loss in any one "loss occurrence" is the applicable limit of insurance as described in **A.2. LIMITS OF INSURANCE** in the Declarations. If there are no stated values shown for Electronic Data Processing Equipment, the most we will pay for loss in any one "loss occurrence" for coverage provided under this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

E. LOSS CONDITIONS

1. With respect only to the coverage added by this endorsement, paragraph **G.14 Valuation of LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** is replaced by the following:
 - a. The value of Electronic Data Processing Equipment will be the lesser of:
 - (1) The actual cost of reasonable repair or replacement with equipment of like kind, quality and function; or
 - (2) Actual cash value as of the date of loss, if not replaced as soon as reasonably possible after the loss or damage.

In the event of partial damage to an item of Electronic Data Processing Equipment, we will not pay more than the cost of reasonably restoring the property to its condition immediately prior to the loss.

F. DEFINITIONS

1. "Electronic data" meaning information, records, files, facts, and all software including operating systems, computer programs, procedures, applications, and source material, stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment owned by you, leased to or rented to you at the locations described in the Declarations and is used in your data processing operations. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph does not apply to your "stock" of prepackaged software.
2. "Media" means electronic data processing, recording or storage media, such as magnetic tapes, discs, cards, films or CD-ROMs.
3. "Operations" means your business activities occurring at the locations described in the Declarations where the loss occurred.
4. "Period of Restoration" means the period of time that:

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- a. Begins immediately after the time of direct physical loss or damage caused by or resulting from an "earthquake" or flood, if flood coverage is endorsed onto this policy, at the locations described in the Declarations; and
- b. Ends on the earlier of:
 - (1) The date when the Covered Property insured under this endorsement at the locations described in the Declarations should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- c. Regulates the construction, use or repair, or requires the tearing down, of any property; or
- d. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

- 5. "Suspension" means the slowdown or cessation of your business activities.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - EXTRA EXPENSE

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay the actual and necessary Extra Expense you sustain due to accidental direct physical loss of or damage to tangible property at the locations described in the Declarations for which a stated value for Extra Expense is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations (or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values). The loss or damage must be caused by or result from a Covered Cause of Loss first commencing during the Policy Period. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described location(s) include the area within 100 feet of the site of the described location(s).

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site of the described location, your location means:

- a. The portion of the building which you rent, lease or occupy; and
- b. Any area within the building or on the site of the described location, if that area services, or is used to gain access to, the described location.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to tangible property caused by or resulting from a Covered Cause of Loss. Coverage pertains to expenses (other than the expense to repair or replace property), which are incurred to:

- a. Avoid or minimize the "suspension" of business and to continue "operations" at the described locations or at replacement locations or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location; or
- b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.

2. Exclusions

The following exclusions apply in addition to those described in Section **C. PROPERTY EXCLUDED** and Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

- a. **Interruption Of Computer Operations**
Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data".

3. Additional Coverage – Civil Authority

In this Additional Coverage – Civil Authority, the described locations are locations to which a stated value for Extra Expense is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values.

When a Covered Cause of Loss causes damage to property other than property at the described locations, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described locations, provided that both of the following apply:

- a. Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described location is within that area but are not more than one mile from the damaged property; and
- b. The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described locations and will end four consecutive weeks after the date of that action.

B. LIMITS OF INSURANCE

The most we will pay for loss under all coverages provided under this endorsement in any one "loss occurrence" are the amounts described in Section **A. 2. LIMITS OF INSURANCE** in the Declarations.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEDUCTIBLE

The deductible applies per Section **D. DEDUCTIBLES** of the Declarations, and as more fully described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

D. LOSS CONDITIONS

The following conditions apply in addition to those listed in Section **G. LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

1. Loss Determination

- a. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
- (b) Any Extra Expense that is paid for by other insurance; and

- (2) Necessary expenses that reduce the Extra Expense otherwise incurred.

- b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

E. DEFINITIONS

1. "Electronic data" meaning information, records, files, facts and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
2. "Operations" means your business activities occurring at the described premises.
3. "Period of restoration" means the period of time that:
 - a. Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described locations; and

b. Ends on the earlier of:

- (1) The date when the property at the described location should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Suspension" means the slowdown or cessation of your business activities.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - INGRESS OR EGRESS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE) UND 1206

ADDITIONAL COVERAGE - BUSINESS INCOME (WITHOUT EXTRA EXPENSE) UND 1207

A. COVERAGE

When a Covered Cause of Loss, first commencing during the Policy Period, causes damage to property other than property at the locations described in the Declarations, we will pay for the actual loss of Business Income you sustain which is caused by a physical impediment that prevents physical ingress or egress to your location, subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement. The physical impediment must be located within one (1) mile of the location(s) described in the Declarations, unless otherwise stated in the Declarations

Ingress or Egress coverage will begin 72 hours following the direct physical damage and will apply for a period of time not to exceed an additional fourteen (14) consecutive days, unless otherwise stated in the Declarations.

This coverage ends at the earlier of:

1. The physical impediment of ingress to or egress from your property ends; or
2. The fourteen (14) consecutive days (or other number of days, as stated in the Declarations) expire.

In no event will this extension cover any loss which is otherwise covered under any additional coverage provided by the policy for **Civil Authority**.

B. LIMITS OF INSURANCE

The most we will pay for loss in any one "loss occurrence" are the amounts described in Section **A. 2. LIMITS OF INSURANCE** in the Declarations.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEDUCTIBLES

The deductible applies per Section **D. DEDUCTIBLES** of the Declarations, and as more fully described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMIT OF INSURANCE ENHANCEMENT (MARGIN CLAUSE)

This endorsement modifies insurance provided under the following:

POLICY DECLARATIONS

A. LIMIT OF INSURANCE ENHANCEMENT

Section **A.2.b LIMITS OF INSURANCE** is amended to read as follows:

- b. The Margin Clause percentage shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** multiplied by the stated value for the Coverage Item involved, as shown on the **SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values, less applicable deductible(s);

B. LIMITATIONS

The Margin Clause does not increase the Limits of Insurance shown Section **A.1.** in the Declarations or endorsed on to the policy

Subject always to the Limits of Insurance, the maximum loss payable is determined by applying the Margin Clause percentage shown in the Declarations to the stated values shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values. If the stated value of each building is not shown individually, we will determine individual building values using the provisions of paragraph **G. 13. Stated Values** of **LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** prior to application of the Margin Clause percentage.

Actual loss payment will be determined based on the amount of loss or damage subject to all applicable policy provisions including the Limits of Insurance, Deductible and Valuation Conditions. However, for each Coverage Item, the actual loss payment will not exceed the maximum loss payable as described in **A.** above, less the applicable deductible, and will not exceed the Limits of Insurance.

If any of the provisions of this Margin Clause endorsement conflict with any of the terms of the **DIFFERENCE IN CONDITIONS COVERAGE FORM** or the Declarations, the terms of this endorsement will control.

C. EXAMPLES

The coverages, amounts and Margin Clause percentage shown in the examples may not be applicable to your policy. They are being used only to provide you with an example.

Example #1

One Location, 3 Buildings: Buildings #1 through #3 are covered under a Limit of Insurance of \$4,500,000. Total stated building values are \$4,500,000.

The Per Unit Deductible is 5%.

The stated value for Building #1 is \$1,000,000. **The Margin Clause percentage is 120%. The maximum loss payable for Building #1 is \$1,200,000 (\$1,000,000 x 1.20).**

Building #1 sustains a loss of \$1,200,000.

Step (1): The Per Unit Deductible is 5% of the stated value for Building #1. ($\$1,000,000 \times 5\% = \$50,000$)

Step (2): Maximum loss payable minus Deductible ($\$1,200,000 - \$50,000 = \$1,150,000$)

Since \$1,150,000 is not more than the maximum loss payable and less than the Limit of Insurance, we will pay \$1,150,000.

Example #2

Buildings #1 through #3 are covered under a Limit of Insurance of \$4,500,000.

The Per Unit Deductible is 5%.

The stated value for Building #1 is \$1,000,000. **The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$1,150,000 (\$1,000,000 x 1.15).**

The stated value for Building #2 is \$2,500,000. **The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$2,875,000 (\$2,500,000 x 1.15).**

Building #1 sustains a loss of \$1,300,000.

Building #2 sustains a loss of \$3,000,000.

Step (1): The Per Unit Deductible for Building #1 is 5% of the stated value for Building #1. ($\$1,000,000 \times 5\% = \$50,000$)

Step (2): The Per Unit Deductible for Building #2 is 5% of the stated value for Building #2. ($\$2,500,000 \times 5\% = \$125,000$)

Step (3): Maximum loss payable for Building #1 minus Deductible ($\$1,150,000 - \$50,000 = \$1,100,000$)

Step (4): Maximum loss payable for Building #2 minus Deductible ($\$2,875,000 - \$125,000 = \$2,750,000$)

Step (5): $\$1,100,000 + \$2,750,000 = \$3,850,000$

Since \$3,850,000 is less than the Limit of Insurance, we will pay \$3,850,000, the maximum loss payable in accordance with the Margin Clause.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED FLOOD ZONE EXCLUSION

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FOR UND 1211

LIMITED COVERAGE- FLOOD UND 1205

EXCESS PROPERTY INSURANCE UND 1414

- A.** "Flood" coverage is excluded for any location wholly or partially located in a flood plain as designated by federal flood zones prefixed "A", "V", "B", "X500" or "X (shaded)" as defined by the Federal Emergency Management Agency (FEMA) or commercial flood maps.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

The following applies in addition to the provisions of the **DIFFERENCE IN CONDITIONS COVERAGE FORM** and any amendatory endorsements attached thereto.

A. LIMITS OF INSURANCE

Nothing in this endorsement increases the applicable Limits of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limits of Insurance on the Coverage Item as described in Section **A.2. LIMITS OF INSURANCE** in the Declarations.

B. LOSS CONDITIONS

1. The following is added to paragraph **G.7. Loss Payment** of **LOSS CONDITIONS**:

i. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** have an insurable interest, we will:

- (1) Adjust losses with you; and
- (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

j. Lender's Loss Payable Clause

(1) The Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

- (a) Warehouse receipts;
- (b) A contract for deed;
- (c) Bills of lading;
- (d) Financing statements; or
- (e) Mortgages, deeds of trust, or security agreements.

(2) For Covered Property in which both you and a Loss Payee have an insurable interest:

- (a) We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- (b) The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- (c) If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the Loss Payee will still have the right to receive loss payment to the extent of its interest in Covered Property if the Loss Payee:
 - (i) Pays any premium due under this policy at our request if you have failed to do so;

- (ii) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (iii) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this policy will then apply directly to the Loss Payee.

- (d) If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of the policy:

- (i) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (ii) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

- (3) If we cancel this policy, we will give written notice to the Loss Payee at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (4) If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

k. Contract Of Sale Clause

- (1) The Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** is a person or organization that you have entered a contract with for the sale of Covered Property.
- (2) For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
 - (a) Adjust losses with you; and
 - (b) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

l. Building Owner Loss Payable Clause

- (1) The Loss Payee shown in the **SCHEDULE OF ADDITIONAL INTERESTS** is the owner of the described building, in which you are a tenant.
- (2) We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- (3) We will adjust losses to Tenant's Improvements and Betterments with you, unless the lease provides otherwise.

2. The following is added to paragraph G.8. Other Insurance of LOSS CONDITIONS:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - HOMEOWNERS ASSOCIATION FEES RECEIVABLES

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

The following is added to **A.2., Additional Coverages:**

d. Homeowners Association Fees Receivables

We will pay for homeowners association fees you have been unable, after reasonable effort, to collect from the unit owner whose unit must be rendered uninhabitable due to accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss that first commences during the Policy Period. Homeowners association fees include all ordinary Homeowners Association (HOA) dues, but do not include surcharges for building reserves or any special assessments.

This coverage terminates at the earliest of:

- (1) When an individual unit becomes inhabitable;
- (2) You have been paid sums under the policy sufficient to begin repair or replacement of the buildings and choose not to do so; or
- (3) You have been paid the stated value for Homeowners Association Fees described in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations.

However, we will not pay for any increased period of restoration of Covered Property required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property, unless the Additional Coverage Ordinance Or Law endorsement is attached to and made part of this policy; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The most we will pay for this Additional Coverage Homeowners Association Fees Receivables in any one "loss occurrence" is the stated value for Homeowners Association Fees shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values. If there are no stated values shown for Homeowners Association Fees, the most we will pay for loss in any one "loss occurrence" for coverage provided under this Additional Coverage Homeowners Association Fees Receivables is \$5,000. Payments made for coverage provided under this paragraph **d.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations. Coverage provided under this paragraph **d.** is subject to the deductible as described in Section **D. DEDUCTIBLES** in the Declarations.

B. ADDITIONAL CONDITIONS

Transfer of Rights of Recovery to Us:

If you recover any fees from unit owners for benefits that were paid in whole or in part under this endorsement, you will reimburse those fees to us immediately. You will cooperate with us in the effort to recover unpaid homeowners association fees. You will not waive your right to recover homeowners association fees receivable without our express permission. You agree that we are entitled to an accounting of any fees recovered and/or owed and to cooperate with us in the event we request an accounting.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MANUFACTURER'S SELLING PRICE (FINISHED "STOCK" ONLY)

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. LOSS CONDITIONS

The following is added to Paragraph **G.14. Valuation** of **LOSS CONDITIONS**:

We will determine the value of finished "stock" you manufacture, in the event of loss or damage, at:

- 1.** The selling price, as if no loss or damage occurred;
- 2.** Less discounts the purchaser would have been given and expenses you will save by not selling the product.

The selling price shall be the actual selling price if there is a unit price in a catalog or price list, or if the "stock" has been subject to an agreement for sale. If there is no actual selling price, the selling price shall be determined by reference to the last per unit price of the same or similar stock prior to the loss, or if no such price is available, the fair market value.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED COVERAGE - NEWLY ACQUIRED PROPERTY

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

1. Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage caused by or resulting from a Covered Cause of Loss first commencing during the Policy Period to Buildings you acquire, rent or lease at locations other than the locations described in the Declarations intended for similar use as the building(s) at locations described in the Declarations.
2. Contents, "stock", or Tenant's Improvements and Betterments that you newly acquire, at any location you acquire, other than at fairs, trade shows or exhibitions.

Coverage applies to newly acquired property located in the 50 United States of America and the District of Columbia. This endorsement shall be void if the newly acquired Covered Property is insured elsewhere.

However, there is no coverage for items 1. and 2. above for any newly acquired buildings constructed in whole or in part with:

- a. Unreinforced masonry;

Or for any of the following buildings:

- b. Wood frame buildings originally constructed prior to 1940; or
- c. Steel frame, metal frame, or reinforced concrete buildings originally constructed prior to 1960; or
- d. Reinforced masonry buildings originally constructed prior to 1975; or
- e. Concrete tilt-up buildings originally constructed prior to 1980.

B. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one "loss occurrence" under this endorsement is the Newly Acquired Property Limit of Insurance shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations. Payments made for coverage provided by this endorsement are within the limits of insurance and will not serve to increase our Limits of Insurance stated in the Declarations.

C. DEDUCTIBLE

The deductible for newly acquired property will be calculated as described in Section **D. DEDUCTIBLES** in the Declarations. The stated value will be the values ultimately disclosed to us for the newly acquired property.

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D. ADDITIONAL CONDITIONS

The following is added to Section **H. ADDITIONAL CONDITIONS**:

With respect to insurance on or at each newly acquired, rented or leased property, coverage will end when any of the following first occurs:

1. This policy expires or is cancelled;
2. 30 days expire after you acquire, rent or lease the property, unless otherwise shown on the Declarations; or
3. You report values to us.

We will charge you additional premium for values reported from the date you acquire, rent or lease the property.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - ORDINANCE OR LAW

This endorsement modifies insurance provided under the following:

**DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211
EXCESS PROPERTY INSURANCE UND 1414**

A. COVERAGE

Each coverage – **Coverage A**, **Coverage B** and **Coverage C** – is provided under this endorsement only if that Coverage(s) is shown in the Declarations and then only with respect to the buildings for which the coverage is identified in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or the Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on stated values. The coverage provided by this endorsement will not apply unless and until the deductible shown in Section **D. DEDUCTIBLES** in the Declarations has been satisfied and a claim payment is due to you for a covered loss.

1. Coverage A — Coverage For Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires the demolition of undamaged parts of the same building.

2. Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property.

3. Coverage C — Increased Cost of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- a.** Repair or reconstruct damaged portions of that building; and/or
- b.** Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- c.** This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law;
- d.** We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

B. APPLICATION OF COVERAGE(S)

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The Coverage(s) provided by this endorsement apply only if both **B.1.** and **B.2** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:

- a.** Requires the demolition of parts of the undamaged portion of the building at a location described in the Declarations;
- b.** Regulates construction or repair of buildings, or establishes zoning or land use requirements at a location described in the Declarations; and
- c.** Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2. a. Enforcement Caused By Covered Loss

The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

b. Enforcement Caused By Combination of Covered and Uncovered Loss

The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and both the covered and uncovered damage results in the enforcement of the ordinance or law.

c. Enforcement Caused By Uncovered Loss

But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

Under no circumstances will this endorsement cover any property which is excluded under this policy.

- 3.** In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of **Coverages A, B,** and/or **C,** as described in Section **A. COVERAGE,** of this endorsement. Instead, we will pay a proportion of such loss: meaning the proportion that the covered direct physical building damage bears to the total direct physical building damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of **Coverages A, B** and/or **C** of this endorsement.

C. ADDITIONAL EXCLUSIONS

The following exclusions apply in addition to those indicated in the **DIFFERENCE IN CONDITIONS COVERAGE FORM.** We will not pay under **Coverage A, B,** or **C** of this endorsement for:

- 1.** Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- 2.** The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria; or

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3. Loss due to any ordinance or law that:
 - a. You were required to comply with before the loss, even if the building was undamaged; and
 - b. You failed to comply with.

D. LIMITS OF INSURANCE

1. **Coverage A** is included within the stated value of the building, as shown in the Declarations, sustaining loss from ordinance or law. Loss payment is limited to the amounts described in Sections **E.2** and **E.6** of **LOSS PAYMENTS** of this endorsement. **Coverage A** is not an additional Limit of Insurance.
2. **Coverage B** is payable in addition to the stated value of the building sustaining loss from ordinance or law. Payment for **Coverage B** is subject always to the Limit of Insurance for **Coverage B**, or **Combined** Limit of Insurance for **Coverage B** and **C**, or **Combined** Limit of Insurance for **Coverage A, B** and **C**, shown in the Declarations. This coverage does not increase the Limit of Insurance in Section **A. LIMITS OF INSURANCE** in the Declarations.
3. **Coverage C** is payable in addition to the stated value of the building sustaining loss from ordinance or law. Payment for **Coverage C** is subject always to the Limit of Insurance for **Coverage C**, or **Combined** Limit of Insurance for **Coverage B** and **C**, or **Combined** Limit of Insurance for **Coverage A, B** and **C**, shown in the Declarations. This coverage does not increase the Limit of Insurance in Section **A. LIMITS OF INSURANCE** in the Declarations.

Coverage provided under this endorsement does not increase our Limits of Insurance per "loss occurrence" nor the limit per Policy Period shown in the Declarations, regardless of whether one or more coverages or Covered Causes of Loss insured by this policy are involved in the "loss occurrence".

E. LOSS PAYMENTS

1. All following loss payment provisions are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.
2. Unless Paragraph **E.6.** applies, loss payment under **Coverage A** – Loss to the Undamaged Portion of the Building Coverage will be determined as follows:

When there is a loss in value of an undamaged portion of a building to which **Coverage A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- a. If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another location, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building at the same location and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The stated value of the building shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on stated values.
- b. If Replacement Cost Coverage applies and the property is *not* repaired or replaced, or if the Replacement Cost Coverage does *not* apply, we will not pay more than the lesser of:
 - (1) The actual cash value of the building at the time of loss; or
 - (2) The stated value of the building shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on stated values.

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3. Unless Paragraph **E.5.** or **E.6.** applies, loss payment under **Coverage B – Demolition Cost** Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described location; or
- b. The applicable Limit of Insurance shown for **Coverage B** in the Declarations.

4. Unless Paragraph **E.5.** or **E.6.** applies, loss payment under **Coverage C – Increased Cost of Construction** Coverage will be determined as follows:

- a. We will not pay under **Coverage C**:

- (1) Until the property is actually repaired or replaced, at the same or another location; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- b. If the building is repaired or replaced at the same location, or if you elect to rebuild at another location, the most we will pay under **Coverage C** is the lesser of:

- (1) The increased cost of construction at the same location; or
- (2) The applicable Limit of Insurance shown for **Coverage C** in the Declarations.

- c. If the ordinance or law requires relocation to another location, the most we will pay under **Coverage C** is the lesser of:

- (1) The increased cost of construction at the new location; or
- (2) The applicable Limit of Insurance shown for **Coverage C** in the Declarations.

5. If a **Combined** Limit of Insurance is shown for **Coverages B and C** in the Declarations, Paragraphs **E.3.** and **E.4.** of this endorsement do not apply with respect to the building that is subject to the **Combined** Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the **Combined** Limit of Insurance shown for **Coverages B and C** in the Declarations. Subject to this **Combined** Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described location.

- b. With respect to the Increased Cost of Construction:

- (1) We will not pay for the increased cost of construction:

- (a) Until the property is actually repaired or replaced, at the same or another location; and

- (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (2) If the building is repaired or replaced at the same location, or if you elect to rebuild at another location, the most we will pay for the increased cost of construction is the increased cost of construction at the same location.

- (3) If the ordinance or law requires relocation to another location, the most we will pay for the increased cost of construction is the increased cost of construction at the new location.

6. If a **Combined** Limit of Insurance is shown for **Coverages A, B and C** in the Declarations, Paragraphs **E.2.**, **E.3.** and **E.4.** and **E.5.** of this endorsement do not apply with respect to the building that is subject to the **Combined** Limit, and the following loss payment provisions apply instead:

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The most we will pay, for the total of all covered losses for Loss to the Undamaged Portion of the Building, Demolition Cost and Increased Cost of Construction, is the **Combined** Limit of Insurance shown for **Coverages A, B and C** in the Declarations. Subject to this **Combined** Limit of Insurance, the following loss payment provisions apply:

- a. For Loss to the Undamaged Portion of the Building:
 - (1) If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another location, we will not pay more than the amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building at the same location and to the same height, floor area, style and comparable quality of the original property insured. However, the loss payment for the undamaged portion of the building combined with the loss payment for the damaged portion of the building will not exceed the stated value of the building as shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on stated values;
 - (2) If Replacement Cost Coverage applies and the property is *not* repaired or replaced, or if the Replacement Cost Coverage does *not* apply, we will not pay more than the actual cash value of the building at the time of loss.
- b. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described location.
- c. For Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another location; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (2) If the building is repaired or replaced at the same location, or if you elect to rebuild at another location, the most we will pay for the increased cost of construction is the increased cost of construction at the same location.
 - (3) If the ordinance or law requires relocation to another location, the most we will pay for the increased cost of construction is the increased cost of construction at the new location.

H. EXAMPLE

Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section **B.3.** of this endorsement).

Assume:

- Flood is a Covered Cause of Loss; wind is an excluded Cause of Loss.
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by flood): \$30,000
- Portion of direct physical damage that is not covered (caused by wind): \$70,000
- Loss under Ordinance or Law Coverage **C** of this endorsement: \$60,000

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Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2:

Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most the company will pay under this endorsement for the **Coverage C** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under **Coverages A** and **B** of this endorsement.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PER BUILDING DEDUCTIBLE

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. DEDUCTIBLE CLAUSE

The following is added to Section **B.**, **DEDUCTIBLE CLAUSE**:

4. Per Building

When "Per Building" is indicated in the Declarations, your deductible is calculated separately for, and applies separately to each building stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations. The deductible is calculated by multiplying the deductible percentage to the sum of the collective values for all Coverage Items associated with each building stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** of the Declarations, regardless of whether such Coverage Items incurred loss or damage.

EXAMPLE – APPLICATION OF PER BUILDING DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

One location with two Buildings:

Building #1 - The total stated value of the Building, Contents and Business Income is \$1,200,000.

The total adjusted loss for Building, Contents and Business Income at Building #1 = \$800,000

Building #2 – The total stated value of the Building, Contents and Business Income is \$600,000.

The total adjusted loss for Building, Contents and Business Income at Building #2 = \$200,000

Deductible = 10%

Step 1: Total stated values at Building #1 = \$1,200,000

Step 2: Deductible applied to Building #1 = \$1,200,000 x 10% = \$120,000

Step 3: Total stated values at Building #2 = \$600,000

Step 4: Deductible applied to Building #2 = \$600,000 x 10% = \$60,000

Step 5: Loss minus deductible Building #1 = \$800,000 - \$120,000 = \$680,000

Step 4: Loss minus deductible Building #2 = \$200,000 - \$60,000 = \$140,000

The most we will pay is \$820,000. That portion of the total adjusted loss not covered due to the application of the deductible is \$180,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SELF-INSURED RETENTION

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. SELF-INSURED RETENTION CLAUSE

All claims for loss or damage caused by a Covered Cause of Loss arising out of a "loss occurrence" will be adjusted as one claim, and we will then be liable for our share of the loss excess of the Self-Insured Retention shown in the Declarations; and any applicable underlying limits of insurance. In no event will we pay more than our Limits of Insurance shown in the Declarations.

This endorsement applies in addition to the Deductible provisions of the **DIFFERENCE IN CONDITIONS COVERAGE FORM** if a Deductible is shown in the Declarations. If a Deductible is not shown in the Declarations, this endorsement replaces the Deductible provisions of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. Any references to Deductible requirements in any other form or endorsement are amended to include the Self-Insured Retention outlined above.

You must notify us immediately of any claim which is likely to exceed 50% of the Self-Insured Retention. You should not, except at your own cost, voluntarily make any payment, assume any obligation or incur any expense in excess of the Self-Insured Retention.

B. EXAMPLES

The limits, amounts and Self-Insured Retention shown in the examples may not be applicable to your policy. They are being used only to provide you with an example.

EXAMPLE #1 – APPLICATION OF A SELF-INSURED RETENTION

The policy has limits of \$10,000,000 and the Self-Insured Retention (SIR) is \$5,000,000. In this example there is no Deductible shown in the Declarations.

The Total Loss is \$12,000,000.

Step 1: $\$12,000,000 - \$5,000,000 \text{ (SIR)} = \$7,000,000$

You would be responsible for the \$5,000,000 Self-Insured Retention. The most we would pay is \$7,000,000.

EXAMPLE #2 – APPLICATION OF BOTH A SELF-INSURED RETENTION AND A DEDUCTIBLE

The policy has stated values of \$15,000,000, a limit of \$10,000,000 and a \$5,000,000 Self-Insured Retention (SIR).

There is a Per Policy Deductible of 5% shown in the Declarations.

The Total Loss is \$12,000,000.

Step 1: Total Loss of $\$12,000,000 - \$5,000,000 \text{ (SIR)} = \$7,000,000$

Step 2: Stated Values of $\$15,000,000 \times 5\% \text{ (per policy deductible)} = \$750,000$

Step 3: $\$7,000,000 - \$750,000 = \$6,250,000$

You would be responsible for both the \$5,000,000 Self-Insured Retention and the \$750,000 Deductible. The most we would pay is \$6,250,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY.

ADDITIONAL COVERAGE - SPOILAGE

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to "perishable stock" owned by your or by others that is in your care, custody or control, at the locations described in the Declarations caused by or resulting from:

1. Breakdown or contamination, meaning:
 - (a) Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment; and
 - (b) Contamination by the refrigerant; or
2. Power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described locations, due to conditions beyond your control.

The breakdown or contamination or power outage must arise from an "earthquake" or "flood", if flood coverage is endorsed onto this policy, first commencing during the Policy Period.

With respect to the coverage provided by this endorsement, "perishable stock" located on buildings or in the open or in vehicles is considered to be Property Excluded.

B. CAUSES OF LOSS EXCLUDED

The following exclusions apply in addition to those listed in Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**:

We will not pay for loss or damage caused by or resulting from:

1. The disconnection of any refrigerating, cooling or humidity control system from the source of power;
2. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;
3. The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order;
4. The inability of a power source at the described locations to provide sufficient power due to lack of generating capacity to meet demand;
5. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

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C. LIMITS OF INSURANCE

The most we will pay for loss under this endorsement for any one "loss occurrence" is the applicable Spoilage Limit of Insurance shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations. The Spoilage Limit of Insurance is the most we will pay regardless of the number of occurrences of loss or the number of locations involved. If the Declarations does not contain a Spoilage Limit of Insurance, the most we will pay for loss in any one "loss occurrence" for coverage provided by this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

D. LOSS CONDITIONS

The following is added to paragraph **G.14. Valuation of LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**:

We will determine the value of "perishable stock" in the event of loss or damage at:

1. The selling price at the time of loss, as if no loss or damage had occurred;
2. Less discounts and expenses you otherwise would have had.

F. DEFINITIONS

The following is added to Section **I. DEFINITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**:

"Perishable stock" means "stock":

1. Maintained under controlled conditions for its preservation; and
2. Susceptible to loss or damage if the controlled conditions change.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

STATEMENT OF VALUES CLAUSE - AMENDED

**This endorsement modifies insurance provided under the following:
POLICY DECLARATIONS**

A. LIMITS OF INSURANCE

Paragraph **A.2. LIMITS OF INSURANCE** in the Declarations is replaced by the following:

2. This insurance applies only to those locations and Coverage Items identified in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on stated values. In the event of loss hereunder, our liability is limited to the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductible(s);
 - b. The Limit of Insurance shown in item **A.1., LIMITS OF INSURANCE** or endorsed onto this policy; or
 - c. The remaining amount of the applicable Limit of Insurance for "earthquake", flood or All Other Covered Causes of Loss shown in item **A.1., LIMITS OF INSURANCE**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE – UTILITY SERVICES – On Site Direct Damage

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for accidental direct physical loss or damage to Covered Property, caused by an interruption in utility service to a location described in the Declarations. The interruption in utility service must result from direct physical loss or damage by an "earthquake" or flood, as covered by this policy, to the following utility services property:

1. **Water Supply Services**, meaning the following types of property supplying water to the described locations:
 - a. Pumping stations; and
 - b. Water mains.
2. **Communication Supply Services**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described locations, such as:
 - a. Communication transmission lines, including optic fiber transmission lines;
 - b. Coaxial cables; and
 - c. Microwave radio relays except satellites.It does not include overhead transmission lines.
3. **Power Supply Services**, meaning the following types of property supplying electricity, steam or gas to the described locations:
 - a. Utility generating plants;
 - b. Switching stations;
 - c. Substations;
 - d. Transformers.It does not include overhead transmission or feeder lines.

B. PROPERTY EXCLUDED

The following exclusions apply in addition to those indicated in Section **C. PROPERTY EXCLUDED** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

1. "Electronic data". Coverage under this endorsement for loss or damage to Covered Property does not apply to loss or damage related to interruption in utility service which causes loss or damage to "electronic data", including destruction, erasure or corruption of "electronic data".

C. LIMITS OF INSURANCE

The most we will pay for loss in any one "loss occurrence" is the applicable Utility Services Onsite Direct Damage Limit of Insurance shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations. If the Declarations does not contain a Utility Services Onsite Direct Damage Limit of Insurance, the most we will pay for loss in any one "loss occurrence" for coverage provided by this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declaration.

D. DEFINITIONS

"Electronic data" means information, records, files, facts, and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - UTILITY SERVICES – Time Element

This endorsement modifies insurance provided under the following:

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE) UND 1206

ADDITIONAL COVERAGE - BUSINESS INCOME (WITHOUT EXTRA EXPENSE) UND 1207

ADDITIONAL COVERAGE - EXTRA EXPENSE UND 1216

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay for the actual loss of Business Income and/or Extra Expense, as provided and limited in the applicable Coverage endorsement, you sustain due to the necessary "suspension" of your "operations" during the "period of restoration" caused by an interruption in utility service to the locations described in the Declarations. The interruption in utility service must result from direct physical loss or damage by an "earthquake" or flood, as covered by this policy, to the following utility services property:

1. **Water Supply Services**, meaning the following types of property supplying water to the described locations:
 - a. Pumping stations; and
 - b. Water mains.
2. **Communication Supply Services**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described locations, such as:
 - a. Communication transmission lines, including optic fiber transmission lines;
 - b. Coaxial cables; and
 - c. Microwave radio relays except satellites.It does not include overhead transmission lines.
3. **Power Supply Services**, meaning the following types of property supplying electricity, steam or gas to the described locations:
 - a. Utility generating plants;
 - b. Switching stations;
 - c. Substations;
 - d. Transformers.It does not include overhead transmission or feeder lines.

B. EXCLUSION

The following exclusions apply in addition to those indicated in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

1. "Electronic data". Coverage under this endorsement does not apply to Business Income Loss and/or Extra Expense related to loss or damage to "electronic data", including destruction, erasure or corruption of "electronic data", caused by an interruption in utility services.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one "loss occurrence" is the applicable Utility Services Time Element Limit of Insurance, shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations. If the Declarations does not contain a Utility Services Time Element Limit of Insurance, the most we will pay for loss in any one "loss occurrence" for coverage provided by this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declaration.

D. DEFINITIONS

"Electronic data" means information, records, files, facts, and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - VALUABLE PAPERS AND RECORDS

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211**

A. COVERAGE

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, we will pay the cost to replace or restore the lost information on "valuable papers and records" that are your property or property of others in your care, custody or control, for which duplicates do not exist. The loss to "valuable papers and records" must be caused by or result from a Covered Cause of Loss, first commencing during the Policy Period, at the locations described in the Declarations. This additional coverage does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described in paragraph **C.8.** of **PROPERTY EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

B. PROPERTY EXCLUDED

1. Coverage does not apply to the following types of "valuable papers and records":
 - a. "Valuable papers and records" held as samples or for delivery after sale;
 - b. "Valuable papers and records" in storage away from the locations described in the Declarations; or
 - c. "Valuable papers and records" relative to contraband, or property in the course of illegal transportation or trade.

C. CAUSES OF LOSS EXCLUDED

1. The following exclusions apply in addition to those indicated in section **D. CAUSES OF LOSS EXCLUDED** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Errors or omissions in processing or copying;
 - b. Electrical or magnetic injury, disturbance or erasure of electronic recordings; or
 - c. Unauthorized instructions to transfer property to any person or to any place.

D. LIMIT OF INSURANCE

The most we will pay for loss in any one "loss occurrence" is the applicable limit of insurance as described in **A.2. LIMITS OF INSURANCE** in the Declarations. If there are no stated values shown for Valuable Papers and Records, the most we will pay for loss in any one "loss occurrence" for coverage provided by this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance stated in the Declarations.

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E. DEFINITIONS

1. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including proprietary information, abstracts, books of account, card index systems, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

2. "Money" means:
 - a. Currency, coins and bank notes whether or not in current use; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
3. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps whether or not in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;but does not include "money".

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION

This endorsement modifies insurance provided under the following:

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE) UND 1206

ADDITIONAL COVERAGE - BUSINESS INCOME (WITHOUT EXTRA EXPENSE) UND 1207

ADDITIONAL COVERAGE - EXTRA EXPENSE UND 1216

- A.** If a Covered Cause of Loss occurs to property at the locations described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

1. Regulates the construction or repair of any property;
2. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
3. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of any ordinance or law which requires:

1. The demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
2. Any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

- B.** The **Period of Restoration** definition is replaced by the following:

"Period of Restoration" means the period of time that:

- a.** Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

- (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described locations; and

- b.** Ends on the earlier of:

- (1) The date when the property at the described locations should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include the time required to reproduce "finished stock".

"Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

The expiration date of this policy will not cut short the "period of restoration".

- C.** The following definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINARY PAYROLL LIMITATION OR EXCLUSION

This endorsement modifies insurance provided under the following:

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE) UND 1206

ADDITIONAL COVERAGE - BUSINESS INCOME (WITHOUT EXTRA EXPENSE) UND 1207

SCHEDULE

Number Of Days (if Ordinary Payroll Coverage is provided):

Additional Exemptions – Job Classification(s) Or Employee(s):

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** Business Income includes "ordinary payroll expenses" only up to the number of days shown in the Schedule. The number of days need not be consecutive but must fall within the "period of restoration" or extension of the "period of restoration" if an extension is provided under this policy. **If the Schedule does not indicate number of days, then "ordinary payroll expenses" are excluded.**
- B.** "Ordinary payroll expenses" means payroll expenses for all your employees except:
1. Officers;
 2. Executives;
 3. Department managers;
 4. Employees under contract; and
 5. Additional Exemptions, shown in the Schedule as:
 - a. Job Classifications; or
 - b. Employees.
- "Ordinary payroll expenses" include:
- (1) Payroll;
 - (2) Employee benefits, if directly related to payroll;
 - (3) FICA payments you pay;
 - (4) Union dues you pay; and
 - (5) Workers compensation premiums.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED FLOOD ZONE EXCLUSION – FLOOD EXCLUDED AT SPECIFIC LOCATIONS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

LIMITED COVERAGE – FLOOD UND 1205

EXCESS PROPERTY INSURANCE FORM UND 1414

- A.** “Flood” coverage is excluded for any location wholly or partially located in a flood plain as designated by federal flood zones prefixed “A”, “V”, “B”, “X500” or “X (shaded)” as defined by the Federal Emergency Management Agency (FEMA) or commercial flood maps.

Flood coverage is also excluded at the following location(s):

[Click here to enter text.](#)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED FLOOD ZONE EXCLUSION - AMENDED

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FOR UND 1211

LIMITED COVERAGE- FLOOD UND 1205

EXCESS PROPERTY INSURANCE UND 1414

- A.** "Flood" coverage is excluded for any location wholly or partially located in a flood plain as designated by federal flood zones prefixed "A", "V", or "B" as defined by the Federal Emergency Management Agency (FEMA) or commercial flood maps.

Flood coverage is also excluded at the following location(s):

[Click here to enter text.](#)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED NOTICE OF CANCELLATION

**This endorsement modifies insurance provided under the following:
EXCESS PROPERTY INSURANCE FORM UND 1414**

For any reason other than nonpayment of premium, the number of days required for notice of cancellation, as provided in Paragraph **B.3. Cancellation** of **POLICY CONDITIONS** of the **EXCESS PROPERTY INSURANCE FORM** or as amended by the applicable state cancellation endorsement, is increased to the number of days shown in the Declarations. All other terms of the **Cancellation** condition remain applicable.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCESS LIMIT OF INSURANCE AND PARTICIPATION CLAUSE

This endorsement modifies insurance provided under the following:

DECLARATIONS UND 1210

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

This policy provides excess insurance. With respect to this excess insurance:

A. Limit of Insurance:

1. The total Limit of Insurance for this excess layer is:

- a. part of (being) per Policy Period as respects "Earthquake", excess of Per Policy period as respects "Earthquake", excess of underlying deductibles.
- b. part of (being) per Policy Period as respects "Flood", excess of Per Policy period as respects "Flood", excess of underlying deductibles.
- c. part of (being) as respects All Other Covered Causes of Loss, excess of as respects All Other Covered Causes of Loss, excess of underlying deductibles.

Subject always to the Limits of Insurance shown above in **a.**, **b.** and **c.** above, we will only be liable in any one "loss occurrence" for our proportion of the loss excess any applicable underlying coverages and deductibles.

B. Attachment of Liability

Liability under this insurance will not attach unless and until the underlying policy(ies), have paid or have been held liable to pay the full amount of their limits as shown in Section **F. UNDERLYING LIMITS AND INSURERS** in the Declarations and then only if the loss is caused by a Covered Cause of Loss insured under this excess policy.

C. Warranty

It is a condition of this policy that the underlying policy(ies) shown in Section **F. UNDERLYING LIMITS AND INSURERS** in the Declarations are maintained in full force during the Policy Period. Your failure to comply with this condition will not invalidate this policy, but in the event of such failure, this policy will apply as if the underlying policy(ies) were valid and collectible and our liability will attach in excess of the combined limits of all underlying policy(ies) stated in Section **F. UNDERLYING LIMITS AND INSURERS** in the Declarations.

D. Underlying Sub-limits

Underlying insurance policies may impose a dollar or percentage limit on some aspects of coverage (commonly called a sub-limit) at less than the total limit over which this policy is excess. This policy will not drop down over any such sub-limits and will always be excess over the maximum limits of the underlying policy(ies).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXHAUSTION OF UNDERLYING AGGREGATE LIMITS –
SCHEDULED LOCATIONS AND NAMED CAUSES OF LOSS
ONLY**

**This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211
EXCESS PROPERTY INSURANCE UND 1414**

- A.** If the primary and/or underlying policy(ies) identified in the **UNDERLYING LIMITS AND INSURERS** section of the Declarations are subject to aggregate policy limits for earthquake and/or flood (if flood is covered), and those aggregate limits are exhausted by multiple covered loss occurrences during the Policy Period, this policy will then attach as excess over the exhausted aggregate limits. The deductible provisions of the primary and/or underlying policy(ies) still apply to each and every loss occurrence. The provisions of this endorsement will only apply to the exhaustion of primary and/or underlying limits due to accidental direct physical loss or damage:
- 1.** First commencing during the Policy Period;
 - 2.** At locations described in the Declarations of this excess policy; and
 - 3.** Arising from the causes of loss of earthquake and/or flood (unless flood is otherwise excluded by this policy).

In no event will we pay for loss or damage under this policy when any sub-limited coverages within the primary and/or underlying policy(ies) have been exhausted, unless those sub-limited coverages are also covered by this policy and the aggregate limit(s) on the primary and/or underlying policy(ies) have been exhausted. However, this policy recognizes that liability arising from sub-limited coverages provided by the primary and/or underlying policy(ies), but not by this policy, can contribute to the exhaustion of the aggregate limit(s) on the primary and/or underlying policy(ies).

If the primary and/or underlying policy(ies) do not provide coverage for a loss insured under this excess policy, this policy will not drop down or operate as primary coverage. A retention equal to the primary and/or underlying limit(s) shown in the **UNDERLYING LIMITS AND INSURERS** section of the Declarations will apply as if the primary and/or underlying policy(ies) covered the loss or damage insured under this excess policy.

In the event of the bankruptcy, insolvency or other financial impairment, of any primary and/or underlying insurer, we will not be liable for the obligations of the primary and/or underlying insurer. This policy will apply as if the primary and/or underlying policies were valid and collectible. **This policy will not drop down or otherwise operate as primary or underlying coverage in any scenario.**

- B.** In no event will we be liable for more than the Limits of Insurance specified in the Declarations with respect to coverage under the **EXCESS PROPERTY INSURANCE** or the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXHAUSTION OF UNDERLYING AGGREGATE LIMITS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

EXCESS PROPERTY INSURANCE UND 1414

- A.** If the primary and/or underlying policy(ies) identified in the **UNDERLYING LIMITS AND INSURERS** section of the Declarations are subject to aggregate policy limits for earthquake and/or flood (if flood is covered), and those aggregate limits are exhausted by multiple covered loss occurrences during the Policy Period, this policy will then attach as excess over the exhausted aggregate limits. The deductible provisions of the primary and/or underlying policy(ies) still apply to each and every loss occurrence. The provisions of this endorsement will only apply to the exhaustion of primary and/or underlying limits due to accidental direct physical loss or damage:

- 1.** First commencing during the Policy Period; and
- 2.** Arising from a loss covered by the primary and/or underlying policy(ies).

In no event will we pay for loss or damage under this policy when any sub-limited coverages within the primary and/or underlying policy(ies) have been exhausted, unless those sub-limited coverages are also covered by this policy and the aggregate limit(s) on the primary and/or underlying policy(ies) have been exhausted. However, this policy recognizes that liability arising from sub-limited coverages provided by the primary and/or underlying policy(ies), but not by this policy, can contribute to the exhaustion of the aggregate limit(s) on the primary and/or underlying policy(ies).

If the primary and/or underlying policy(ies) do not provide coverage for a loss insured under this excess policy, this policy will not drop down or operate as primary coverage. A retention equal to the primary and/or underlying limit(s) shown in the **UNDERLYING LIMITS AND INSURERS** section of the Declarations will apply as if the primary and/or underlying policy(ies) covered the loss or damage insured under this excess policy.

In the event of the bankruptcy, insolvency or other financial impairment, of any primary and/or underlying insurer, we will not be liable for the obligations of the primary and/or underlying insurer. This policy will apply as if the primary and/or underlying policies were valid and collectible. **This policy will not drop down or otherwise operate as primary or underlying coverage in any scenario.**

- B.** In no event will we be liable for more than the Limits of Insurance specified in the Declarations with respect to coverage under the **EXCESS PROPERTY INSURANCE** or the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

EXCESS PROPERTY INSURANCE

Various provisions in this policy restrict coverage. Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

A. INSURING AGREEMENT

This insurance is subject to the same conditions, limitations, deductibles and exclusions (except as shown below or endorsed onto this policy) as the primary and underlying policy(ies) issued by the company(ies) shown in Section **D. SCHEDULE OF UNDERLYING LIMITS AND INSURERS** in the Declarations, and hereinafter referred to as the primary and underlying insurer(s).

The following coverages, conditions, limitations, deductibles and exclusions issued on the primary and underlying policies will not apply to this Excess Property Insurance:

Any revision to the policy(ies) shown in Section **D. SCHEDULE OF UNDERLYING LIMITS AND INSURERS** attached to this policy, made after the effective date of those primary and underlying policy(ies) will not be binding on this Excess Property Insurance unless this policy is endorsed to approve that revision.

B. POLICY CONDITIONS

1. Attachment Of Liability

- a. Liability under this policy will not attach unless and until the primary and underlying insurer(s) have paid or have been held liable to pay the full amount of their limits as shown in Section **D. SCHEDULE OF UNDERLYING LIMITS AND INSURERS** in the Declarations.
- b. We will then be liable to pay only such additional amounts as will provide you with further coverage up to the Limits of Insurance shown in the Declarations.

2. Bankruptcy Or Insolvency Of Primary Or Underlying Insurers

In the event of the bankruptcy, insolvency or other financial impairment, of any primary or underlying insurer, we will not be liable for the obligations of the primary and/or underlying

insurer(s). This policy will apply as if the primary and/or underlying policy(ies) were valid and collectible. This policy will not replace the primary and /or underlying policy(ies).

3. Cancellation

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.
- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. Underlying Sub-limits

Underlying insurance policies may impose a dollar or percentage limit on some aspects of coverage (commonly called a sub-limit) at less than the total limit over which this policy is excess. This policy will not drop down over any such sub-limits and will always be excess over the maximum limits of the primary and underlying policy(ies).

6. Warranty

It is a condition of this policy that the primary or underlying policy(ies) shown in Section **D. SCHEDULE OF UNDERLYING LIMITS AND INSURERS** in the Declarations are maintained in full force and effect during the Policy Period. Your failure to comply with the foregoing condition will not invalidate this policy, but in the event of such failure, this policy will apply as if the primary or underlying policy(ies) were valid and collectible and our liability will attach in excess of the combined limits of all primary or underlying policy(ies) stated in Section **D. SCHEDULE OF UNDERLYING LIMITS AND INSURERS** in the Declarations..

C. ADDITIONAL CONDITIONS

1. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this Coverage at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

- a. This policy;
- b. The covered property;
- c. Your interest in the covered property; or
- d. A claim under this policy.

2. Examination Of Your Books And Records

You will keep accurate books, records and accounts in the following manner:

A detailed and itemized inventory record of all property covered hereunder will be maintained and physical inventory will be taken periodically at intervals not more than 12 months apart.

We may examine and audit your books and records as they relate to this policy at any time during the Policy Period and up to three years afterward.

3. Excess Insurance

Permission is granted to you to have excess insurance over the Limits of Insurance shown in the Declarations without prejudice to this policy, and the existence of such insurance, if any, will not reduce any liability under this policy.

4. Legal Action Against Us

No one may bring a legal action against us under this policy unless:

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is brought within 12 months after the date on which the direct physical loss or damage occurred.

However, if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims will be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state.

5. No Benefit To Bailee

No person or organization, other than you, having custody of covered property will benefit from this insurance.

6. Policy Period, Coverage Territory

Under this policy:

- a. We cover loss or damage commencing:
 - (1) During the Policy Period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is the "state" in which the premises described in the Declarations is located.

7. Premiums

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

8. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

D. LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the values of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Application Of Salvage:

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this policy will be applied as if recovered or received prior to such settlement. Any salvage, recoveries or payments and any costs or expenses incurred in salvaging or recovering will be apportioned between the interests of all parties based on the ratio of their respective recoveries. If there is no recovery and the expenses are incurred solely by one party, the costs will be borne solely by that party.

4. Brands And Labels

In the event of loss of or damage to labels, capsules or wrappers, the loss will be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

If branded or labeled merchandise covered by this policy is damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; but you must re-label the merchandise or containers in compliance with the requirements of law.

5. Claims Cooperation Agreement

When we are made aware of a loss which may exceed the limits of the primary and/or underlying policy(ies), we have the right, but not the obligation to become involved in the claim investigation, management, decision making process and settlement of the claim, as respects and in protection of our interests.

It is your duty to inform us any time at which the policy aggregate of any primary or underlying policy(ies) has been reduced by fifty percent (50%) or more due to losses.

6. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to covered property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved. It is your duty to inform us any time at which the policy aggregate of any primary or underlying policy(ies) has been reduced by fifty percent (50%) or more due to losses.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the covered property from further damage, and keep a record of your expenses necessary to protect the covered property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a covered cause of loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

7. Loss Payment

a. In the event of loss or damage covered by this policy, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this policy or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the covered property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

8. Pair, Set Or Parts

a. Pair or Set

In case of loss or damage to any part of a pair or set we may:

(1) Repair or replace any part to restore the pair or set to its value before the loss; or

(2) Pay the difference between the value of the pair or set before and after the loss.

b. Parts

In case of loss or damage to any part of covered property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

9. Single Loss Clause

It is agreed that “earthquakes” can occur in a sequence, a series, or a cluster and involve multiple shocks, including foreshocks, mainshocks and aftershocks. With respect to a “loss occurrence” occasioned by “earthquake”, all loss or damage attributable to such “earthquake” shocks that occur within 168 consecutive hours during the Policy Period will be considered a single “loss occurrence”. The 168 hours will commence at the time of the earliest “earthquake” shock. However, we will not be liable for any loss caused by any “earthquake” shock occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.

All loss or damage attributable to flood that occurs within any period of 72 consecutive hours during the Policy Period, arising out of one event, will be considered a single “loss occurrence”. We will not be liable for any loss caused by any flood occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.

10. Voluntary Payments

No insured will, except at that insured’s own cost, voluntarily make a payment, assume any obligation, or incur any expense, without our written consent.

11. Stated Values

The stated values of all Coverage Items are represented by the values shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations. If, at the time of the “loss occurrence”, there is no value stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** for each individual building at a scheduled location, the stated value for each building will be determined by multiplying the total reported value of all buildings by the proportion that the square footage of the individual building bears to the total square footage of all buildings contemplated in the total reported building value.

The square footage of each separate building will be estimated or ascertained after a “loss occurrence” as necessary. The resulting apportioned values will be considered the stated value for the individual building. The apportioned value will be considered the stated value with respect to the Limits of Insurance as specified in Section **A.2.b. LIMITS OF INSURANCE** in the Declarations.

EXAMPLE

The following example illustrates how a stated value is calculated under the conditions above. The amounts in the example shown may not be applicable to your policy. They are being used only to provide you with an example.

In this example, the **SCHEDULE OF LOCATIONS AND VALUES** shows three buildings at one location, with total building values for the location of \$7,500,000. Building 1 is 10,000 square feet. Building 2 is 25,000 square feet. Building 3 is 15,000 square feet, as reported on the application or submission or otherwise estimated or ascertained. The total square footage for the location is 50,000 square feet (10,000 plus 25,000 plus 15,000). The policy has a 5% deductible that applies to each building separately.

Loc #	Bldg #	Address	Coverage Item	Value
1	Aggregate, 3 buildings	415 Main Street, Springfield, CA 90000	Building	\$ 7,500,000

Step 1: Determine the stated value of each building by multiplying the total reported building value of \$7,500,000 by the proportion that the individual building square footage bears to the total square footage.

Building 1: $\$7,500,000 \times (10,000/50,000) = \$1,500,000$.

Building 2: $\$7,500,000 \times (25,000/50,000) = \$3,750,000$.

Building 3: $\$7,500,000 \times (15,000/50,000) = \$2,250,000$.

Step 2: Determine applicable deductible by multiplying the deductible percentage of 5% times the stated value of the Coverage Item.

Building 1: $5\% \times \$1,500,000 = \$75,000$

Building 2: $5\% \times \$3,750,000 = \$187,500$

Building 3: $5\% \times \$2,250,000 = \$112,500$

Step 3: Determine the maximum amount payable for each building per Section **A.2.b LIMITS OF INSURANCE** in the Declarations, subject always to the entire provisions of that section.

Building 1: stated value minus deductible: $\$1,500,000 - \$75,000 = \$1,425,000$

Building 2: stated value minus deductible: $\$3,750,000 - \$187,500 = \$3,562,500$

Building 3: stated value minus deductible: $\$2,250,000 - \$112,500 = \$2,137,500$

E. DEFINITIONS:

1. "Loss occurrence" as stated in this policy means any one loss or disaster, or series of losses or disasters, arising out of one event.
2. "Earthquake" means a sudden movement of the crust of the earth caused by the release of stress accumulated along geologic faults.
5. "State" means one of the 50 United States of America and the District of Columbia.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - NAMED CAUSES OF LOSS

**This endorsement modifies insurance provided under the following:
EXCESS PROPERTY INSURANCE UND 1414**

- A.** The exclusions and language of this endorsement supersede any similar exclusions or exclusionary language on the underlying policy; but any exclusions contained on the underlying policy which are not listed here remain in full force and effect. We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from, any of the following excluded causes of loss. We do not insure for such loss regardless of: (a) the cause of the excluded cause of loss; or (b) whether occurring alone or in any sequence with a covered cause of loss; or (c) whether any cause or event contributed concurrently or in any sequence with the excluded cause of loss to produce the loss:
- 1.** The following causes of loss are excluded whether or not insurance for such causes of loss is being maintained by you at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a cause of loss covered under this policy:
 - a.** Aircraft or vehicles, including loss or damage by objects falling from aircraft as well as loss or damage caused by or resulting from vehicles owned by you or operated in the course of your business;
 - b.** Any causes of loss covered under policies maintained by you, except when a limit of insurance for that cause of loss is shown in the Declarations page of this policy or in an endorsement to this policy;
 - c.** Explosion, including, but not limited to, the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. Explosion also includes:
 - (1)** The rupture, bursting, or operation of pressure relief devices; and
 - (2)** The rupture or bursting due to expansion or swelling of the contents of any building, caused by or resulting from water;
 - d.** Falling objects, including loss or damage to personal property in the open and to the interior of a building or property inside a building;
 - e.** Fire and/or lightning;
 - f.** Flood, including but not limited to:
 - (1)** The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
 - (2)** The unusual and rapid accumulation or runoff of inland surface waters from any source or by their spray;
 - (3)** Waters changing course;
 - (4)** Waves, wave wash, wave action, storm surge, or their spray, all whether driven by wind or not;
 - (5)** The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;

(6) Underground waters rising;

(7) Tsunami or tidal wave;

(8) Seiche;

All whether such loss or damage arises from an event that occurs suddenly or gradually, or involves isolated or widespread damage.

We will not pay for loss or damage resulting from waterborne material involved in the flood. We will not pay for loss or damage whether the flood is driven by wind or not; or whether the flood was caused by natural, external, or man-made forces. We will not pay for loss or damage due to flood which results from the intentional or negligent act, error, omission or professional negligence of any party.

However, if flood coverage is endorsed to and made part of this policy, we will way pay for loss subject to the limited coverage provided by that endorsement.

g. Riot or civil commotion, including, but not limited to:

(1) Acts of striking employees while occupying the described location; and/or

(2) Looting occurring at the time and place of a riot or civil commotion;

h. Sinkhole collapse, including but not limited to loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on soil and/or bedrock, or the sinking or collapse of land into man-made underground cavities;

i. Smoke, including, but not limited to, gas, vapor and smoke from agricultural smudging or industrial operations;

j. Sprinkler leakage, meaning leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system;

k. Vandalism and malicious mischief, meaning willful and malicious damage to, or destruction of, Covered Property;

l. Water. This includes water from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise. This water exclusion applies even if water combines or contributes in any way with any other excluded cause of loss to cause the loss or damage.

However, if flood coverage or earthquake sprinkler leakage coverage is endorsed to and made part of this policy, we will pay for loss subject to the limited coverage provided by those endorsements.

m. Weather Conditions, including, but not limited to:

(1) Windstorm or hail;

(2) Frost or cold weather;

(3) Ice, rain, snow or sleet, whether driven by wind or not;

(4) Loss or damage to the interior or exterior of any building, or the property inside or outside the building, caused by rain, snow, sleet, sand or dust, whether driven by wind or not;

n. Weight of snow, hail, ice or sleet, including loss or damage to personal property outside of buildings;

2. a. Acts or decisions, including the failure to act or decide, of any person, organization or governmental body;

b. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance of part or all of any property on or off the locations covered;
3. Any fraudulent scheme, trick, device or false pretense perpetrated upon you or upon any person(s) to whom the property may be entrusted;
 4. Asbestos, dioxin, nano materials or polychlorinated biphenyls removal, encapsulation, covering, or any manner of control or abatement from any goods, products, stock/inventory, contents or building/structure. We will not pay for loss or damage caused by or resulting from:
 - a. Demolition, increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos, dioxins, nano materials or polychlorinated biphenyls;
 - b. Any governmental direction or request declaring that asbestos materials, dioxins, nano materials or polychlorinated biphenyls present in or part of or utilized on any undamaged portion of your property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
 - c. The presence of asbestos, dioxins, nano materials or polychlorinated biphenyls in any building or structure;
 5. Dampness of atmosphere, dryness of atmosphere, extremes or changes of temperature or barometric pressure, all whether atmospheric or not, shrinkage, evaporation, loss of weight, rust or corrosion;
 6. Delay, loss of market, loss of use, interruption of business, consequential loss of any nature; except when specifically covered by endorsement and then only to the limited extent of coverage provided by that endorsement;
 7. Denial of service, including but not limited to authorized or unauthorized direction of a high volume of messages or inquiries to web sites or e-mail destinations, effectively denying, interrupting or limiting legitimate access, including but not limited to spamming or phishing;
 8. Earth movement, including but not limited to:
 - a. "Earthquake". However, this exclusion a. only applies if "earthquake" contributes in any way with one of the following causes or events to produce the loss or damage:
 - (1) Fire;
 - (2) Explosion;
 - (3) Volcanic Eruption;
 - (4) Tsunami;
 - (5) Nuclear reaction, nuclear radiation or radioactive contamination;
 - (6) "Pollutants", including the discharge, dispersal, seepage, migration, release or escape of "pollutants", including but not limited to any cost or expense to extract "pollutants", remove restore or replace polluted land, air or water, or investigate any loss, injury or damage or for any cost, fine or penalty or any related expense or claim or suit;
 - (7) Flood, except when flood coverage is purchased and made a part of this policy and then only to the limited extent of coverage provided by that endorsement;

- (8) Power surge or failure of power, communication, water or other utility service supplied to the described location;
- (9) Sprinkler leakage, meaning leakage or discharge of any substance from an “automatic sprinkler system”, including collapse of a tank that is part of the system; except when earthquake sprinkler leakage is purchased and made a part of this policy and then only to the limited extent of coverage provided by that endorsement;
- (10) Water as excluded in 1.I. of this endorsement and water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment;
- b. Landslide and/or avalanche, and any earth sinking, rising or shifting related to such an event;
- c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- d. Subsidence, earth sinking, rising or shifting, including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of real property. Soil conditions include, but are not limited to, contraction, expansion, freezing, thawing, erosion, improperly compacted, graded and/or maintained soil and/or the action of water under the ground surface;
- e. Collapse of volcanic edifice;
- f. Man-made shaking or vibrations;
- g. Mudslide or mudflow;
- 9. Electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with electrical or electronic wire, device, appliance, fixture, system or network. For the purposes of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to:
 - a. Electrical current, including arcing;
 - b. Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - c. Pulse of electromagnetic energy; or
 - d. Electromagnetic waves or microwaves;
- 10. Enforcement of or compliance with any ordinance or law regulating the construction, use, repair or demolition of any real property insured under this policy. This exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or the loss results from the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property;
- 11. Errors in design, errors in processing, faulty workmanship or faulty materials;
- 12. Explosion or rupture or bursting of pressure vessels or pipes, or steam boilers, or steam engines, or steam turbines, or flywheels; any of which is owned, leased or operated by you;
- 13. Failure of power, communication, water or other utility service supplied to the described location, however caused. Failure of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular, satellite or other communication network;
- 14. a. The failure, malfunction or inadequacy of:
 - (1) Any of the following, whether belonging to you or to others:
 - (a) Computer hardware, including microprocessors;

- (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or
 - (f) Any other computerized or electronic equipment or components; or
- (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **a. (1)** above.
- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **a. (1)** and **a. (2)** above;
- We will not pay for repair, replacement or modification of any items in Paragraphs **a. (1)** and **a. (2)** above to correct any deficiencies or change any features;
15. Freezing and/or thawing of plumbing or heating systems;
16. "Fungus", wet rot, dry rot and bacteria
- This exclusion applies regardless of whether "fungus", wet rot or dry rot or bacteria arises from any other cause of loss, which may otherwise be covered by this policy, except to the extent coverage is provided by a "fungus", wet rot or dry rot or bacteria endorsement attached to the policy;
17. Geomagnetic storms, solar flares, solar eruptions or bursts including plasma bubbles or ejections, magnetic field or magnetosphere fluctuations or disruptions, comets, asteroids, meteorites, or any falling spacecraft, part or fragment thereof;
18. Hostile or warlike action in time of peace or war, including:
- a. Action in hindering, combating or defending against an actual, impending or expected attack by:
 - (1) Any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - (2) Military, naval or air forces; or
 - (3) Any agent of any government, power, authority or forces;
 - b. Use of any weapon in time of peace or war, including but not limited to weapons employing atomic fission or radioactive force;
 - c. Insurrection, rebellion, revolution, civil war, usurped power or martial law or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
19. Infidelity or any dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
- a. Acting alone or in collusion with others; or
 - b. Whether or not occurring during the hours of employment;

20. Spoilage, leakage of contents, breakage of glass or similar fragile materials, marring, scratching, exposure to light, contamination, change in flavor or color or texture or finish, changes in temperature or humidity;
21. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
22. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled;
23. Pilferage, burglary, larceny, looting, robbery, theft, or attempted theft;
24. "Pollutants", including loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants", including but not limited to any cost or expense to:
- a. Extract "pollutants" from land, air or water; or
 - b. Remove, restore or replace polluted land, air or water; or
 - c. Investigate any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to either **a.** or **b.** above;
25. Settling, shrinkage, subsidence or expansion of foundations, walls, floors, or ceilings;
26. Seizure or destruction of property by order of governmental authority;
27. "Terrorism", including loss, damage, cost or expense caused by, resulting from or in connection with:
- a. Any act of "terrorism";
 - b. The use or threatened use of biological, chemical, radiological or nuclear substances for the apparent purpose of or with the result of harming or intimidating a civilian population, whether in time of peace or war, and regardless of who commits the acts; or
 - c. Any action taken to control, counter, prevent, respond to, mitigate or suppress either **a.** or **b.** above;
- This does not apply to "Certified Acts of Terrorism" if such coverage is purchased and made part of this policy;
28. Unexplained disappearance of property or loss or shortage of property disclosed on taking inventory;
29. Volcanic eruption, explosion or effusion, including any related shaking or trembling of the earth and/or ensuing volcanic action. Volcanic action means the direct loss or damage resulting from the eruption, explosion or effusion of a volcano when the loss or damage is caused by airborne volcanic blast or airborne shock waves, ash, dust or particulate matter, or lava flow. Volcanic action includes the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the covered property;
30. Water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment;
31. Wear and tear, depreciation, inherent vice, latent defect, gradual deterioration, decay, smog, nesting or infestation, vermin, rodents, termites or other insects including larvae or pupae thereof;
32. Your neglect to use all reasonable means to save and preserve property from further damage at and after the time of loss;
33. Erroneous, negligent or intentional acts by any person or persons;
34. Any controlled, uncontrolled, or naturally occurring situation or incident involving the threat, actual use, presence, release, or escape of biological, chemical, nuclear, or radioactive materials;

35. Silica or silica-related dust, or any product containing silica or silica-related dust, including any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize silica or silica-related dust;
36. Collapse, except for collapse caused directly by:
 - a. "Earthquake", or
 - b. Flood, but only when a flood coverage endorsement is purchased and made a part of this policy and then only when the collapse is caused by a flood loss covered under that endorsement.

B. DEFINITIONS

The following definitions are hereby added to this policy.

1. "Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.
2. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
4. "Terrorism" means an activity that involves a violent act or the use of force, including the threat of any such activity or the preparation for any such activity, that is committed for political, religious, ideological, economic, social, or cultural purposes, by any person or group(s) of persons, whether acting alone or on behalf of or in concert with or in connection with any organization(s), government(s), or other political entity(ies), and:
 - a. Has been labeled, identified or described as a terrorist act by the executive branch of the United States government; or
 - b. Causes either:
 - (1) Damage to property;
 - (2) Injury to person(s);
 - (3) Disruptions of financial, governmental, transportation, communication, computer or utility services; or
 - c. Appears to be intended to:
 - (1) Disrupt any segment of an economy;
 - (2) Intimidate, harm, coerce or punish a civilian population;
 - (3) Put the public, or any section of the public, in fear;
 - (4) Influence the policy of a government by intimidation, coercion or punishment; or
 - (5) Affect the conduct of a government by destruction, assassination, kidnapping or hostage-taking.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY.

ORDINANCE OR LAW EXCLUSION – EXHAUSTION OF UNDERLYING POLICY AGGREGATES

This endorsement modifies insurance provided under the following:

**DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211
EXCESS PROPERTY INSURANCE UND 1414**

- A.** We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from, any of the following:

The enforcement of or compliance with any ordinance or law:

1. Regulating the construction, use or repair of any property; or
2. Requiring the demolition of any property, including the cost of removing its debris.

We do not insure for such loss regardless of: (a) the cause of the excluded cause of loss; or (b) whether occurring alone or in any sequence with a covered cause of loss; or (c) whether any cause or event contributed concurrently or in any sequence with the excluded cause of loss to produce the loss.

This exclusion applies whether the loss results from:

1. An ordinance or law that is enforced even if the property has not been damaged; or
2. The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

Notwithstanding the above exclusion, if the primary or underlying policy(ies), as identified in the **UNDERLYING LIMITS AND INSURERS** section of the Declarations, provides coverage for loss, damage, cost or expense caused by enforcement of an ordinance or law, the primary or underlying policy(ies) aggregates can be reduced or exhausted by coverage provided by the primary or underlying policy(ies). This policy will provide coverage pursuant to the terms of this policy, which will not include losses excluded under this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW EXCLUSION

**This endorsement modifies insurance provided under the following:
EXCESS PROPERTY INSURANCE FORM UND 1414**

- A.** We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from, any of the following excluded causes of loss. We do not insure for such loss regardless of: (a) the cause of the excluded cause of loss; or (b) whether occurring alone or in any sequence with a covered cause of loss; or (c) whether any cause or event contributed concurrently or in any sequence with the excluded cause of loss to produce the loss:
- 1.** The enforcement of or compliance with any ordinance or law:
 - a.** Regulating the construction, use or repair of any property; or
 - b.** Requiring the demolition of any property, including the cost of removing its debris.
 - 2.** This Ordinance or Law Exclusion applies whether the loss results from:
 - a.** An ordinance or law that is enforced even if the property has not been damaged; or
 - b.** The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL FLOOD EXCLUSION

**This endorsement modifies insurance provided under the following:
EXCESS PROPERTY INSURANCE FORM UND 1414**

- A.** We will not pay for loss, damage, cost or expense caused directly or indirectly by "flood". Such loss or damage is excluded regardless of:
1. The cause of the "flood";
 2. Any other cause or event that contributes concurrently or in any sequence to the loss;
 3. Other causes of the loss; or
 4. Whether such loss or damage arises from an event that occurs suddenly or gradually, or involves isolated or widespread damage.
- B.** We will not pay for loss or damage resulting from waterborne material involved in the "flood"; whether the "flood" is driven by wind or not; or whether the "flood" is caused by natural, external, or man made forces.
- C.** We will not pay for loss or damage due to a "flood" which results from the intentional or negligent act, error, omission, or professional negligence of any party.
- D.** For the purposes of this endorsement, "flood" means:
A general condition, whether temporary or permanent, of partial or complete inundation of normally dry land areas with water, mud, slurry or other liquid, arising from any of the following:
1. The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
 2. The unusual or rapid accumulation or runoff of surface waters from any source or by their spray;
 3. Waters changing course;
 4. Underground waters rising;
 5. Tsunami or tidal wave;
 6. Waves, wave wash, wave action, storm surge, or their spray, all whether driven by wind or not;
 7. Seiche;
 8. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing.

This exclusion applies even though the loss or damage is contributed to in any manner by a covered cause(s) of loss which is insured against in this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNDERLYING DEDUCTIBLE WARRANTY

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

EXCESS PROPERTY INSURANCE UND 1414

- A.** You warrant that the deductibles provided by the primary and/or underlying policy(ies), as identified in the **UNDERLYING LIMITS AND INSURERS** section of the Declarations, are equal to or greater than those shown below.

Should this policy be asked to respond in the event of a loss, the loss will be adjusted based on the deductibles provided by the primary and/or underlying policy(ies) or those shown below, whichever is greater.

All claims for loss or damage arising out of a single "loss occurrence" will be adjusted as one claim, and we will then be liable for the excess of the combined sum of the deductible in the percentage(s) or amount(s) shown below, and the applicable underlying limit of liability, but in no event will our obligation exceed our applicable Limits of Insurance shown in the Declarations. If two or more causes of loss covered by this policy contribute to a single "loss occurrence", the total deductible will be the largest deductible applicable.

"EARTHQUAKE": of the total stated values
per "loss occurrence" will be deducted from each adjusted claim, subject
to \$ minimum per "loss occurrence".

"FLOOD": of the total stated values
per "loss occurrence" will be deducted from each adjusted claim, subject
to \$ minimum per "loss occurrence".

ALL OTHER PERILS: \$ per "loss occurrence".

State:	District of Columbia	Filing Company:	Insurance Company of the West
TOI/Sub-TOI:	09.0 Inland Marine/09.0002 Difference in Conditions (DIC)		
Product Name:	Inland Marine - Differences in Conditions		
Project Name/Number:	New / Revised Form Filing/		

Supporting Document Schedules

Bypassed - Item:	Readability Certificate
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Copy of Trust Agreement
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Expedited SERFF Filing Transmittal Form
Bypass Reason:	Not Terrorism related.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consulting Authorization
Bypass Reason:	We are the carrier filing on our own behalf.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Form Description
Comments:	
Attachment(s):	15-D100 FO_Form Descriptions.pdf
Item Status:	
Status Date:	

	NEW FORM NO.	OLD FORM NO.	TITLE	COMMENTS / FORM DESCRIPTIONS
1	UND 1201 (08-15)	UND 1201 (06-09)	Additional Coverage - Accounts Receivable	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
2	UND 1202 (08-15)	UND 1202 (06-09)	Actual Cash Value	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
3	UND 1204 (08-15)	UND 1204 (06-09)	Back Up of Sewers	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
4	UND 1205 (08-15)		Limited Coverage - Flood	This is a new endorsement. Previously, our principal coverage form provided coverage for flood and then we excluded flood coverage via endorsement. As coverage for flood is addressed in our rate filing, this does not require any adjustments for rating purposes.
5	UND 1206 (08-15)	UND 1206 (01-14)	Business Income (And Extra Expense) Coverage Form	This is a clarification of an existing endorsement. There is a modest coverage reduction in that we are removing the \$2,500 additional coverage for interruption from computer operations. The limit for this additional coverage is exceedingly small that we cannot contemplate a rating variance for it's removal.
6	UND 1207 (08-15)	UND 1207 (01-14)	Additional Coverage - Business Income (Without Extra Expense)	This is a clarification of an existing endorsement. There is a modest coverage reduction in that we are removing the \$2,500 additional coverage for interruption from computer operations. The limit for this additional coverage is exceedingly small that we cannot contemplate a rating variance for it's removal.
7	UND 1208 (08-15)	UND 1208 (06-09)	Additional Coverage Business Income From Dependent Properties	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
8	UND 1209 (08-15)	UND 1209 (06-09)	Additional Coverage - Certified Green Building Extension	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
9	UND 1211 (08-15)	UND 1211 (01-10)	Difference in Conditions Coverage Form	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change. Significant changes include A. COVERAGE: Clarification and stronger referential integrity. A.1.c. "Stock" definition deleted (already in DEFINITIONS section). A.2. Clarifications and stronger referential integrity. B. DEDUCTIBLE: Incorporates changes filed under UND 1285. C. PROPERTY EXCLUDED: Clarifications and stronger referential integrity. D. CAUSES OF LOSS EXCLUDED: Clarifications and stronger referential integrity. Flood exclusion added (no impact on rates as flood is rated for separately). Exclusions 33., 34., 35., and 36 added. No rate change, none of these are truly contemplated in our rate filing EQ. F. OTHER POLICY CONDITIONS: Clarifications and stronger referential integrity. G. LOSS CONDITIONS: Clarifications and stronger referential integrity. Revised Stated Values provision to incorporate changes filed under UND 1285. I. DEFINITIONS: Removed flood definition. Flood to be defined in UND 1205 when flood coverage is granted.
10	UND 1213 (08-15)	UND 1213 (06-09)	Additional Coverage - Earthquake Sprinkler Leakage	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
11	UND 1214 (08-15)	UND 1214 (06-09)	Additional Coverage - Earthquake Sprinkler Leakage Sublimit	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
12	UND 1215 (08-15)	UND 1215 (06-09)	Additional Coverage - Electronic Data Processing Equipment	This is a clarification of an existing endorsement. The changes have modest coverage impacts to the client: 1) coverage for electronic data is no longer provided. Given the nature and potential value of electronic data, we do not believe that this is a risk that we can insure. 2) Removed coverage for civil authority. Civil authority coverage is a time element component; we still offer this coverage for civil authority through our business income coverage endorsement. We contend that the changes are accommodated by our current rate filing; we simply will no longer apply the rate against the value of electronic data.
13	UND 1216 (08-15)	UND 1216 (06-09)	Additional Coverage - Extra Expense	This is a clarification of an existing endorsement. We have changed the "Coverage Form" to an endorsement. There is a modest coverage reduction in that we are removing the \$2,500 additional coverage for interruption from computer operations. The limit for this additional coverage is exceedingly small that we cannot contemplate a rating variance for it's removal.
14	UND 1217 (08-15)	UND 1217 (01-10)	Homeowners Association Coverage Extension	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
15	UND 1218 (08-15)	UND 1218 (06-09)	Additional Coverage - Ingress or Egress	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
16	UND 1220 (08-15)	UND 1220 (06-09)	Limit of Insurance Enhancement (Margin Clause)	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
17	UND 1222 (08-15)	UND 1222 (06-09)	Specified Flood Zone Exclusion	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
18	UND 1223 (08-15)	UND 1223 (06-09)	Loss Payable Provisions	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
19	UND 1224 (08-15)	UND 1224 (06-09)	Additional Coverage - Homeowners Association Fees Receivables	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
20	UND 1225 (08-15)	UND 1225 (06-09)	Manufacturer's Selling Price (Finished "Stock" Only)	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.

21	UND 1226 (08-15)	UND 1226 (06-09)	Limited Coverage - Newly Acquired Property	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
22	UND 1227 (08-15)	UND 1227 (06-09)	Additional Coverage - Ordinance or Law	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
23	UND 1228 (08-15)	UND 1228 (06-09)	Per Building Deductible	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
24	UND 1230 (08-15)	UND 1230 (06-09)	Self-Insured Retention	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
25	UND 1232 (08-15)	UND 1232 (06-09)	Additional Coverage - Spoilage	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
26	UND 1233 (08-15)	UND 1233 (06-09)	Statement of Values Clause - Amended	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
27	UND 1235 (08-15)	UND 1235 (06-09)	Additional Coverage - Utility Services - On Site Direct Damage	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
28	UND 1236 (08-15)	UND 1236 (06-09)	Additional Coverage - Utility Services - Time Element	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
29	UND 1237 (08-15)	UND 1237 (06-09)	Additional Coverage - Valuable Papers and Records	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
30	UND 1238 (08-15)	UND 1238 (01-10)	Ordinance or Law - Increased Period of Restoration	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
31	UND 1240 (08-15)	UND 1240 (01-10)	Ordinary Payroll Limitation or Exclusion	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
32	UND 1242 (08-15)	UND 1242 (04-11)	Specified Flood Zone Exclusion - Flood Excluded at Specific Locations	This is a new endorsement.
33	UND 1262 (08-15)	UND 1262 (01-12)	Specified Flood Zone Exclusion - Amended	This is a new endorsement.
34	UND 1401 (08-15)	UND 1401 (06-09)	Amended Notice of Cancellation	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
35	UND 1410 (08-15)	UND 1410B (01-10)	Excess Limit of Insurance and Participation Clause	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
36	UND 1412 (08-15)	UND 1412 (05-14)	Exhaustion of Underlying Aggregate Limits - Scheduled Locations and Named Causes of	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
37	UND 1413 (08-15)	UND 1413 (06-09)	Exhaustion of Underlying Aggregate Limits	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
38	UND 1414 (08-15)	UND 1414 (10-14)	Excess Property Insurance	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
39	UND 1418 (08-15)	UND 1418 (06-09)	Exclusion - Named Causes of Loss	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
40	UND 1419 (08-15)	UND 1419 (06-09)	Ordinance or Law Exclusion - Exhaustion of Underlying Policy Aggregates	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
41	UND 1420 (08-15)	UND 1420 (06-09)	Ordinance or Law Exclusion	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
42	UND 1425 (08-15)	UND 1425 (06-09)	Total Flood Exclusion	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.
43	UND 1432 (08-15)	UND 1432 (06-09)	Underlying Deductible Warranty	This is a clarification of an existing endorsement. We do not see that this impacts coverage to the client. There is no corresponding rate change.